

EXAMINERS GENERAL COMMENTS

BREACH OF EXAMINATION INSTRUCTIONS

IN SPITE OF THE EXAMINERS' GENERAL COMMENTS IN PREVIOUS EDITIONS OF THE "INSIGHT", IT WAS OBSERVED THAT A NUMBER OF CANDIDATES HAVE CONTINUED TO BREACH EXAMINATION INSTRUCTIONS AS STATED BELOW:

- A) BY ATTEMPTING MORE QUESTIONS THAN ALLOWED IN EACH PAPER;
AND
- B) BY ATTEMPTING MORE QUESTIONS THAN ALLOWED IN EACH
SECTION.

INADEQUATE COVERAGE OF THE SYLLABUS

IT HAS BECOME OBVIOUS THAT MANY CANDIDATES DO NOT COVER THE SYLLABUS IN DEPTH BEFORE PRESENTING THEMSELVES FOR THE EXAMINATION. CANDIDATES ARE THEREFORE ADVISED TO BE ADEQUATELY CONVERSANT WITH ALL ASPECTS OF THE SYLLABUS.

FOREWORD

This **INSIGHT** is published principally, in response to a growing demand, as an aid to:

- (i) Candidates preparing to write future examinations of the Institute of Chartered Accountants of Nigeria (ICAN) at an equivalent level;
- (ii) Unsuccessful candidates in the identification of those areas in which they lost marks with a view to improving their knowledge and presentation in subsequent examinations;
- (iii) Lecturers and students interested in acquisition of knowledge in the relevant subject contained therein; and
- (iv) The profession in a bid to improving pre-examination and screening processes.

The answers provided in this book do not exhaust all possible alternative approaches to solving the questions. Efforts have been made to use methods, which will save much of the scarce examination time.

It is hoped that the suggested answers will prove to be of tremendous assistance to students and those who assist them in their preparations for the Institute's Examinations.

NOTE

Although these suggested solutions have been published under the Institute's name, they do not represent the views of the Council of the Institute. They are entirely the responsibility of their authors and the Institute will not enter into any correspondence about them.

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**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS – SEPTEMBER 2018
BASIC ACCOUNTING PROCESSES & SYSTEMS**

Time Allowed: 3 hours

**SECTION A: PART I MULTIPLE-CHOICE QUESTIONS
(30 Marks)**

ATTEMPT ALL QUESTIONS

Write ONLY the alphabet (A, B, C, D or E) that corresponds to the correct option in each of the following questions/statements.

1. In which year did the Italian Monk, Luca Pacioli publishes his text on book-keeping?
 - A. 1894
 - B. 1794
 - C. 1694
 - D. 1594
 - E. 1494
2. A quality of financial information that allows a choice to be made among alternative courses of action is said to be
 - A. Verifiable
 - B. Faithfully represented
 - C. Comparable
 - D. Understandable
 - E. Consistent
3. The relationship between a company and the external party is defined by which of the following documents?
 - A. Memorandum of Association
 - B. Articles of Association
 - C. Deed of Association
 - D. Companies Law
 - E. Registrar of Companies
4. The return payable or receivable on Preference Shares is called
 - A. Profit
 - B. Interest
 - C. Bonus
 - D. Dividend
 - E. Commission

5. An item of Property, Plant and Equipment (PPE) that costs L\$700,000 is depreciated at a rate of 20% per annum on reducing balance basis. If the accumulated depreciation to date is L\$100,000, what is the depreciation for the current year?
- A. L\$100,000
 - B. L\$120,000
 - C. L\$140,000
 - D. L\$160,000
 - E. L\$200,000
6. Which of the following errors will **NOT** affect the balancing of a trial balance?
- A. Reversal of entries
 - B. Casting errors
 - C. Single entries
 - D. Wrong opening balance
 - E. Wrong closing balance
7. The following are non-current assets **EXCEPT**
- A. Land
 - B. Goodwill
 - C. Building
 - D. Receivable
 - E. Machinery
8. Which of the following accounting equations is correct?
- A. $\text{Asset} = \text{Capital} + \text{Liability}$
 - B. $\text{Asset} + \text{Liability} = \text{Capital}$
 - C. $\text{Capital} + \text{Asset} = \text{Liability}$
 - D. $\text{Capital} - \text{Liability} = \text{Asset}$
 - E. $\text{Capital} + \text{Liability} + \text{Asset} = 0$
9. The residual interest of a shareholder in an entity is referred to as
- A. Income
 - B. Revenue
 - C. Owner's Equity
 - D. Liabilities
 - E. Assets
10. Which of the following should be accounted for as capital expenditure?
- A. Cost of repainting of building
 - B. Replacement of broken windows

- C. Legal fees incurred on purchase of buildings
 - D. Reconstruction of part of broken windows
 - E. Replacement of broken ceilings
11. Depreciation in Accounting is best described as a method of
- A. Spreading cost of non-current assets over a period of years
 - B. Spreading depreciable amount of non-current assets over its economic useful life
 - C. Estimating replacement cost of non-current asset
 - D. Determining the revaluation value of non-current asset
 - E. Estimating carrying amount of non-current assets
12. An entity selling goods bought a motor vehicle for ~~₦~~800,000 cash. The amount was debited into purchases account and credited into cash account. What is the type of error committed?
- A. Error of commission
 - B. Error of complete reversal of entries
 - C. Error of principle
 - D. Compensating error
 - E. Transposition error

Use the following information extracted from the books of Lagos Ventures to answer questions 13 and 14

Customers' Account			
	₦		₦
Bal b/d	140,000	Bal b/d	18,000
Cash	24,000		
Bank	16,000	Bal c/d	45,000

13. Determine the cash receipt for the period
- A. ~~₦~~180,000
 - B. ~~₦~~162,000
 - C. ~~₦~~158,000
 - D. ~~₦~~117,000
 - E. ~~₦~~ 18,000
14. What is the classification of the above type of ledger?
- A. Real ledger
 - B. Personal ledger
 - C. Impersonal ledger

- D. Nominal ledger
- E. Private ledger

15. Which of the following statements is correct in preparing a bank reconciliation statement?
- A. A dishonoured cheque received from a customer is debited to adjusted cash book
 - B. A dishonoured cheque received from the customer is debited to the bank statement
 - C. A dishonoured cheque is credited to the bank statement
 - D. A dishonoured cheque is reflected in the bank reconciliation statement
 - E. Bank charges are debited to the adjusted cash book

Use the following information to answer questions 16 and 17

Given the following information about Mr. Koffi's pay details for the period:

Standard time allowed	5,000 hours
Actual hours worked	4,400 hours
Wage rate per hour	N 500 per hour

16. Calculate the bonus payable to Mr. Koffi, if he is paid under the Rowan Scheme
- A. ~~N~~220,000
 - B. ~~N~~250,000
 - C. ~~N~~264,000
 - D. ~~N~~300,000
 - E. ~~N~~594,000
17. Determine his total pay for the period
- A. ~~N~~2,420,000
 - B. ~~N~~2,464,000
 - C. ~~N~~2,670,000
 - D. ~~N~~2,684,000
 - E. ~~N~~2,720,000

Use the following information to answer questions 18 and 19

The following information relates to pay particulars of Mr. Sulley Muntari:

	GH¢
Monthly salary	500,000
Housing allowance per annum	2,000,000
Other allowances per annum	2,500,000
Total annual deductions	2,150,000

18. Determine his consolidated salary for the year
- GH¢ 12,650,000
 - GH¢ 10,500,000
 - GH¢ 7,150,000
 - GH¢ 5,000,000
 - GH¢ 4,500,000
19. What is the net pay of Mr. Sulley Muntari for the year?
- GH¢ 2,350,000
 - GH¢ 2,850,000
 - GH¢ 5,000,000
 - GH¢ 8,350,000
 - GH¢10,500,000
20. Discount allowed to a customer for bulk purchase is known as
- Cash discount
 - Discount allowed
 - Discount received
 - Rebate
 - Quantity discount
21. The authorised share capital of a company represents
- Issued share capital
 - Share capital stated in the memorandum of association
 - Maximum share capital stated in the articles of association
 - Called up share capital
 - Paid up share capital

Use the following information relating to Biobaku Ventures to answer questions 22 and 23

	₦
Revenue	250,000
Opening inventory	40,000
Closing inventory	20,000
Purchases	100,000

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Return outwards	15,000
Carriage inwards	10,000
Carriage outwards	18,000

22. Determine the cost of goods sold
- A. ~~N~~100,000
 - B. ~~N~~115,000
 - C. ~~N~~160,000
 - D. ~~N~~175,000
 - E. ~~N~~203,000
23. What is the gross profit of Biobaku Enterprise?
- A. ~~N~~ 47,000
 - B. ~~N~~ 75,000
 - C. ~~N~~ 90,000
 - D. ~~N~~135,000
 - E. ~~N~~150,000

Use the following information to answer questions 24 - 25.

Extract from the customers' records show the following balances for the month of May 2017:

	N
1/5/2017 Trade Receivables	40,000
31/5/2017 Trade Receivables	38,000
Total cash receipts during the month (including cash sales of N 25,000)	350,000

24. Determine the total amount of credit sales for the month of May 2017
- A. ~~N~~428,000
 - B. ~~N~~403,000
 - C. ~~N~~375,000
 - D. ~~N~~350,000
 - E. ~~N~~323,000

25. What is the total sale for the month of May 2017?
- ~~N~~390,000
 - ~~N~~380,000
 - ~~N~~350,000
 - ~~N~~348,000
 - ~~N~~323,000
26. Which of the following transactions will appear on the debit side of payable control account?
- Cash paid to suppliers
 - Discount allowed
 - Return outward
 - Dishonoured bills payable
- i and ii
 - i and iii
 - i and iv
 - ii and iv
 - iii and iv
27. A cheque paid by an entity, but not yet passed through the banking system is
- Uncredited cheque
 - Unpresented cheque
 - Standing order
 - Stale cheque
 - Dishonoured cheque

Use the following information to answer question 28

An in-experienced book-keeper made the following wrong postings that might affect the agreement of the trial balance:

- Sales of ~~N~~10,000 to Harry recorded to Henry's account.
- Payments of ~~N~~15,000 as stationery recorded only in the cash book
- Purchases of ~~N~~109,000 from Bridget recorded in both account as ~~N~~190,000.
- Undercast of purchases day book by ~~N~~24,000.

28. Which of the above postings will **NOT** affect the agreement of a trial balance?

- A. i and iii
- B. ii and iii
- C. iii and iv
- D. ii and iv
- E. i and iv

The following information is extracted from the books of Monrovia, a trader in Children's wares:

	L\$
Capital at the beginning	600,000
Drawings	90,000
New capital introduced at the end	240,000
Capital at the end	900,000

29. What is the profit of the trader for the period?

- A. L\$300,000
- B. L\$270,000
- C. L\$210,000

- D. L\$150,000
- E. L\$ 90,000

30. A suspense account is used when
- A. Source of error is unknown
 - B. The amount involved is quite significant
 - C. The errors do not affect the trial balance
 - D. The amount involved is not material
 - E. Error of complete reversal of entry is committed

SECTION A: PART II SHORT-ANSWER QUESTIONS
(20 Marks)

ATTEMPT ALL QUESTIONS

Write the correct answer that best completes each of the following questions/statements:

1. The process of recording transactions from various source documents into books of original entry is known as
2. A business entity that has perpetual succession is called

3. In a limited liability company, the document that governs internal relationship between the company and the Directors is called
4. A private company is formed by a minimum of and maximum of members in your country.
5. The formular for calculating total earnings (including bonus) under the Halsey premium bonus is
6. Assuming a purchase invoice that shows 100 items of ₦100 each less trade discount of 5% and cash discount of 4% is paid promptly, how much was paid on the invoice?
7. Records extracted from the books of an entity showed that it has buildings worth ₦10 million, inventory ₦1 million and office machines of ₦3 million. How much is the value of the entity's property, plant and equipment (IAS16)?
8. A ledger with total of GH¢35,000 on the credit side and GH¢10,000 on the debit side has a..... balance of GH¢.....
9. A transaction between knowledgeable willing seller and buyer who dealt with each other is known as
10. An accounting concept which serves as a common denominator for measuring item of assets and liabilities is referred to as
11. Financial statements that are not influenced by personal bias of management is said to be
12. The formula $1 - \frac{\text{Residual value}}{\text{Cost of asset}}$ is used to derive the percentage rate to write down a non-current asset to the residual value or zero under the method of depreciation.
13. On 1 January 2016, an entity paid office rent of Le450,000 for the period to 31 May 2017. The amount to be recognised as prepayment in the statement of financial position as at 31 December 2016 is

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14. The total acquisition cost of an item of property, plant and equipment that consist of purchase price of L\$800,000, trade discount of L\$50,000 and importation cost of L\$100,000 is L\$.....
15. The formal statement of intention made by a supplier to supply goods or services required by a buyer at specified prices and within a period of time is known as
16. An estimated invoice sent by a vendor to a purchaser ahead of shipment of goods is called
17. A document requesting the seller to supply certain quantities of goods of specified description is referred to as

Use the following information to answer questions 18 and 19.

Julius Enterprises has a total revenue of N\$850,000, opening inventory of N\$72,000 and closing inventory of N\$192,000 in its accounting records.

The Enterprise profit mark-up is $33\frac{1}{3}\%$

18. Calculate the enterprise purchases during the period
19. Determine the gross profit of Julius Enterprise for the same period.
20. A suite of program modules that a user of computer can use to achieve a particular task in an entity is called

SECTION B:
Marks)

ATTEMPT ANY FOUR QUESTIONS

(50

QUESTION 1

- a. Accounting packages are probably the most widely used software to handle and process data in a computerised accounting system today.

Required:

Describe **FIVE** features of a typical computerized accounting system

(5 Marks)

- b. The following ledger balances are extracted from the books of Broad Street bookshop on 31 December 2016

	L\$
Sales	56,000
Purchases	46,000
Salaries & wages	16,200
Buildings	100,000
Receivables	7,000
Payables	
	4,100
Capital	128,810
Staff Loan	4,800
Motor vehicles	16,400
Returns outward	1,490

You are required to:

- i. Prepare a trial balance as at 31 December 2016 (5 Marks)
- ii. Outline any **FIVE** uses of a trial balance (2½ Marks)
- 12½ Marks)** (Total

QUESTION 2

- a. The purchases Ledger Control Account of Accra Ltd for the month of May 2016 was prepared by a trainee book-keeper as shown below:

Payables Ledger Control Account			
	GH¢		GH¢
Purchases Return	5,800	Bal b/d	90,250
Bank	95,405	Credit purchases	100,600
Bal c/d	98,680	Discount received	3,705
		Credit note	2,115
		Bills paid	3,215
	<u>199,885</u>		<u>199,885</u>
		Bal b/d	98,680

The trainee book-keeper made some errors in the postings of the payables ledger control account. After further analyses, a schedule of balances of individual supplier's accounts were prepared from the purchases ledger on 31 May, 2016 to arrive at a total of GH¢68,550. Other errors made by the trainee book-keeper were:

- (i) One of the suppliers had been paid GH¢2,500 out of the petty cash. This was correctly posted to the supplier's personal account but had been omitted from the control account.
- (ii) The credit side of one supplier's account had been undercast by GH¢3,000.
- (iii) A credit balance on a supplier's account of GH¢549 had been listed as GH¢594.
- (iv) The balance on one supplier's account of GH¢6,805 had been omitted from the schedule.
- (v) Other discounts received from the suppliers amounting to GH¢1,200 and GH¢800 had also been posted to the wrong side of the two individual supplier's account.
- (vi) Goods costing GH¢3,800 had been returned to the supplier, but this transaction was omitted from the purchases returns day book.

You are required to:

- i. Prepare Accra Ltd. Payable control account for the month of May, 2017. (Show all workings)
(5 Marks)
 - ii. Prepare a statement reconciling the Trainee Book-keeper's balance with the payables Ledger Control Account balance
(5 Marks)
- b. Explain briefly the following types of Bank Accounts
- | | | |
|---------------|-----------------------|------------|
| i. | Savings Accounts | (1 |
| | | Mark) |
| ii. | Fixed Deposit Account | (1½ |
| | | Marks) |
| (Total | | 12½ |
| Marks) | | |

QUESTION 3

Sole proprietorships and Limited liability companies are two common types of business entity.

Required:

- Identify and explain **FIVE** advantages of limited liability companies over a sole proprietorship business.
(7½Marks)
- Outline **FIVE** measures that should be taken to have adequate security over cash in an entity.
(5 Marks)

(Total 12½

Marks)

QUESTION 4

- The following information are extracted from the trial balance of Weah Boutiques for the year ended 31 December 2016:

	Dr	Cr
	Le'000	Le'000
Land	900,000	
Building	800,000	
Telephone	150,000	
Receivables/payables	400,000	600,000
Electricity paid	180,000	
Bank balance	500,000	
Loan		800,000
Capital		1,530,00
		0
	<u>2,930,00</u>	<u>2,930,00</u>
	<u>0</u>	<u>0</u>

Additional information:

- The telephone expenses were paid for 15 months to 31 March 2017.
- On 31 December 2016, ~~N~~80,000 electricity bill was outstanding
- A customer who owed ~~N~~30,000 had been declared bankrupt, thus the debt was no longer recoverable. The debt was included in the receivables.
- 5% allowances are to be made for doubtful debts after irrecoverable debts adjustments in (iii) above.

Required:

Prepare the relevant ledger accounts to effect the adjustments in (i) – (iv) above.

(7½

Marks)

- b. Discuss the concepts of matching and accrual in the preparation of financial statements.

(5 Marks)

(Total 12½

Marks)

QUESTION 5

The Treasurer of Chess Club has presented the following records:

Receipts and payments for the year ended 31 May 2017

	₦'000		₦'000
Membership subscription	10,660	Balance b/f	5,000
Bar receipts	10,400	Rent and rates	800
		Social activities	
Other receipts	9,500	Expenses	4,000
Membership Admission	900	Bar purchases	3,600
		Bar expenses	1,200
		General wages	2,500
		Equipment	5,800
		Electricity	200
		Bank charges	120
		Insurance	600
		Balance c/d	7,640
	<u>31,460</u>		<u>31,460</u>

- (i) The following additional information is available:

	1/6/201	31/5/201
	6	7
	₦'000	₦'000
Furniture and fittings	4,500	2,900
Bar inventories	1,500	1,800
Subscription in arrears	100	150
General wages owing	200	-
Subscription in advance	600	450
Insurance prepaid	160	190

- (ii) Depreciation of 20% is to be written off equipment.

You are required to prepare:

- a. The Bar trading account. (1½ Marks)
- b. The Club's Income and expenditure account for the year ended 31 May 2017. (6 Marks)
- c. The statement of financial position of the Club as at 31 May 2017. (5 Marks)

(Total 12½ Marks)

QUESTION 6

- a. The preparation of a trial balance does not prove that transactions have been completely and correctly recorded in the proper accounts.

State and explain briefly **FIVE** errors that do not affect the agreement of a trial balance.

(5 Marks)

- b. Briefly describe the procedures of payroll preparation of the salaries and wages department of an organisation you are familiar with.

(7½ Marks)

(Total 12½

Marks)

Note:

Marks will be awarded for a systematic description of the system to the determination of the net amount payable to all employees.

SOLUTION TO MULTIPLE CHOICE QUESTION

1. E
2. C
3. A
4. D
5. B
6. A
7. D
8. A
9. C
10. C
11. B
12. C
13. D
14. B
15. A
16. C
17. B
18. B
19. D
20. E
21. B
22. B
23. D
24. E
25. D
26. B
27. B
28. A
29. D
30. A

WORKINGS FOR CALCULATIONS

$$5. \quad (L\$700,000 - L\$100,000) \times \frac{20}{100}$$

$$B = L\$ 120,000$$

$$13. \quad \begin{array}{l} \text{N}140,000 + \text{N}24,000 + \text{N}16,000 - \text{N}18,000 - \text{N}45,000 \\ D = \text{N}117,000 \end{array}$$

16. $\frac{\text{Time saved}}{\text{Standard Time}} \times \text{Time Taken} \times \text{Rate}$

$$\frac{600}{5000} \times 4,400 \times \text{N}500$$

C = N264,000

17. Total pay = Gross pay + Bonus

Gross pay	= N4,400 x N500		= N2,200,000
	Bonus		<u>N 264,000</u>
C.			<u>N2,464,000</u>

18. $\text{R}500,000 \times 12 \text{ months} = \text{N}6,000,000$

Housing Allowance: Annual = N2,000,000

Other allowance P.A = N2,500,000

B = N10,500,000

19. Consolidated pay N10,500,000

Total Deductions N 2,150,000

D N 8,350,000

22. Opening Inventory N40,000

Purchases N100,000

Carriage inwards N10,000

Return outwards (N15,000)

Closing Inventory (N20,000)

B N115,000

23. N250,000 - N115,000

D N135,000

24. Control Account

	N		
Bal b/f	40,000	N	
Credit sale:		Bal c/d	
Balance	<u>323,000</u>		38,000
	<u>363,000</u>		
		(N350 -25)	
		325,000	

363,000

E N323,000

25. N323,000 + N25,000

D = N348,000

29.

N

N

Capital at the end

900,00

Add:

90,000

990,000

Deduct :

New capital introduced 240,000

Opening Capital 600,000

(840,000)

D =

150,000

SOLUTION TO SHORT ANSWER QUESTIONS

1. Book – keeping
2. Going concern
3. Articles of Association
4. Minimum 2 and maximum 50
5. Time Rate x Time Taken + 50% of (Time saved x Time Rate)
6. N9,120
7. N13 million
8. Credit GH¢25,000
9. Fair value or Arm's length Transaction
10. Money measurements
11. Objectivity/ fairness
12. Reducing balance
13. Le132,353
14. L\$850,000

15. Quotation
16. Pro-forma Invoice
17. Purchase Order
18. ₦757,500
19. ₦212,500
20. Software(Computer Software)

SECTION B

WORKINGS FOR CALCULATIONS IN SHORT ANSWER QUESTION

$$\begin{aligned}
 6. \quad & \text{₦100} \times 95\% \times 100 \text{ items} = \text{₦9,500} \\
 & \text{Discounts : } 4\% \text{ of } \text{₦9,500} = \underline{(\text{₦380})} \\
 & \qquad \qquad \qquad \qquad \qquad \qquad \underline{\underline{9,120}}
 \end{aligned}$$

$$\begin{aligned}
 7. \quad & \text{₦13 million} \\
 & = \text{₦10m} + \text{₦3m}
 \end{aligned}$$

$$\begin{aligned}
 13. \quad & \frac{5}{17} \times \text{₦450,000} \\
 & = \text{₦132,353}
 \end{aligned}$$

$$\begin{aligned}
 14. \quad & \text{₦800,000} - \text{₦50,000} + \text{₦100,000} \\
 & = \text{₦850,000}
 \end{aligned}$$

$$18 - 19$$

	₦
Revenue	850,000
Opening inventory	72,000
Purchases (18)	<u>757,500</u>
	<u>829,500</u>
 Closing Inventory	 <u>(192,000)</u>

Cost of Goods sold $1 - \frac{1}{4} = \frac{3}{4}$	<u>637,500</u>
Gross Profit (19)	212,500

SOLUTION 1**(a) Features of Computerized Accounting System**

The lists below are the features of a computerized accounting system

- a. **Complete Feasibility Plan:** A computerized accounting system gives a business entity complete plan on how to process, post, record and control transactions electronically with a view to producing reports speedily and accurately. The system satisfies users of accounting information with a lot of accuracy.
- b. **Access to Vital Information:** It gives access to information only to the authorized users, the system allows for the use of passwords to prevent unauthorized access to an entity's vital information. It is supported with a lot electronic control to distribute access among various users.
- c. **Data Entry:** A computerized accounting system permits the entity to enter data electronically in variety of ways, which make processing of transaction more convenient. There are various forms of electronic source documents that can be used to process data. These include: electronic receipt issued to customers to post into electronic cash book, Electronic invoices issued to customers who bought an entity's goods on credit used to post into the Sales Day Book, electronic invoices and receipts received from suppliers to post into Purchases Day Book and cash book; electronic debit advise (note) from suppliers for posting into return outward and suppliers' account and electronic credit advise (note) use to post into return inward and customers' accounts etc.
- d. **Accuracy and Speed:** Accounting software provides a good window and templates to process high volume financial transactions speedily and accurately. The response time is very fast in relation to a manual processing of transaction. Transaction is processed quickly and report generated on a press of a button.
- e. **Error Detection:** The chance of error is almost zero. However, one cannot rule out errors associated with inputted data, remember garbage in garbage out (GIGO). Where there is a system error, it

issues a warning message to the user of the system. It has inbuilt capacity to generate Exception Reports.

- f. **Enhanced Reports:** The use of computerized system speed up production of financial reports and can do more than what is possible in manual systems provided the system is well configured to generate the required reports.
- g. **Adaptability:** A computerized accounting system is easily adaptable to the current system and future accounting needs. Future needs can be easily integrated into the existing system.
- h. **Large Volume of Data:** It can easily process large volume of data within a shortest possible time. It uses electronic input to process large volume of data.
- i. **Highly Integrated and Automated:** The system is highly inter-connected, integrated and automated to process daily financial transaction at high speed and with accuracy to produce reports.
- j. **Real Time Processing and Reliability:** Transaction processing is real time to facilitate quick decision and reliability.
- k. **Back up Opportunity:** The system provides for opportunity to print output in hard copy and back up in devices such as compact disk, external hard disk, flash drive and back up on the entity's web.
- l. **Cost Effectiveness:** It is more cost effective than a manual system

(b)

BROAD STREET BOOKSHOP

Trial Balance as at December 31, 2016

	L\$	L\$
Sales		56,000
Purchases	46,000	
Salaries and wages	16,200	
Buildings	100,000	
Receivables	7,000	
Payables		4,100
Capital		128,810
Staff loan	4,800	
Motor vehicle	16,400	
Return outward		1,490
	<u>190,400</u>	<u>190,400</u>

The main uses of the Trial Balance are:

- i) To check the arithmetical accuracy of entries in the ledger.
- ii) To detect such errors of posting that can easily be identified by the Trial Balance.
- iii) To facilitate preparation of the final accounts.
- iv) To reveal at a glance, the various accounts maintained by an organisation
- v) To detect frauds
- vi) It shows the summary of transactions at a glance
- vii) It help to control the accounting process.

Examiner's Report

The question tested candidates' knowledge of basic features of a computerised accounting system and the usefulness and preparation of a trial balance. About 98% of the candidates attempted the question and their performance was above average. Majority of the candidates that attempted the question found the (b) part easier while the (a) part was tough which can be adduced to their poor knowledge of a computerised accounting system. Candidates are advised to read well and get themselves exposed to various accounting system.

SOLUTION 2

(a) ACCRA LIMITED

Adjusted Payables Ledger Control Account

	GH¢		GH¢
Credit note received (2,115 x 2)	4,230	Balance b/f	98,680
Bills Payable (3,215 x 2)	6,430		
Discount received (3,705 x 2)	7,410		
Petty Cash Paid	2,500		
Purchases Return	3,800		
Balance c/d	<u>74,310</u>		
	<u>98,680</u>		<u>98,680</u>
		Balance b/d	<u>74,310</u>

Reconciliation of Payable Ledger Account as at May 31, 2017

	GH¢	GH¢
Balance b/f		68,550
Add:		

INSIGHT

Suppliers balance undercast	3,000	
Suppliers balance omitted	<u>6,805</u>	9,805
Less :		
Suppliers balance overcast (594 – 549)	45	
Discount received recorded at the debit side (2,000 x 2)	4,000	(4,045)
Balance c/d		<u>74,310</u>

- b. Explanation on types of bank account:
- i) **Savings Account:** This type of account is meant for the small savers to keep their surplus funds. This account is usually opened by individuals such as clubs, associations, salary earners, petty traders etc. A prospective customer who is a salary earner should bring a letter of introduction from his/her employer, upon which he/she will be given the bank's application forms to complete. This account attracts interest income.
 - ii) **Fixed Deposit Account:** A fixed deposit account is an account kept with the bank in form of investment for a specific period of time usually 30 days, 60 days, 90 days or 180 days. A fixed rate of interest is payable by the bank on such deposits. Adequate notice of withdrawal from or termination of the investment must be given to the bank or else the customer forfeits his right to the next interest payable on the investment or suffers penal charge for premature termination.

Examiner's Report

The question tested candidates' knowledge on the preparation of payable control account, reconciliation of payable ledger control account with the ledger balance. In, addition, the question also tested knowledge on the meaning of both saving and fixed deposit account. 20% of the candidates attempted the question and their performance was average.

The major pitfall of the candidates was their poor knowledge in the area the examiners tested. Candidates are advised to always prepare well for the examination in future

SOLUTION 3

- a. Advantages of limited liability companies over sole proprietorship are:

Limited liability

The liability of the shareholders of company is limited whereas that of sole proprietorship is unlimited.

Funding

A limited liability company has access to capital market, this implies better access to fund than a sole proprietorship, which has limited source of capital.

Succession

The chance is high that companies operate perpetually, succession plan is high whereas the death of a sole proprietor may likely lead to death of a business.

Legal Entity

A company is an entity distinct from its owners. It can be sued and can sue whereas a sole trader cannot sue and be sued in the name of the sole trader. Thus, the chances of a sole trader to enter into enforceable contract is limited.

Ownership

Ownership of a company can be transferred from one person to the other,
whereas ownership of a sole trader cannot be transferred except if the

business is sold.

Floating and fixed charge

A limited liability can mortgage its assets to take loan in the company's name whereas a sole trader cannot

Law and Registration

A company is registered under the law (Companies and Allied Matter Act

cap c 20 LFN 2004), this gives the entity a better business opportunities

than a sole proprietorship

Soundness of Accounting System

A company has good accounting system and control than a sole trader who

most times do not prepare financial statements

Risk Bearer

A sole trader bear more risk than a limited liability company. The sole

proprietor bear the entire risk of survival alone whereas companies spread

the risk across all shareholders, besides the risk of the shareholders is

limited

Management

A sole trader manages the business alone whereas there is a divorced

(separation) of company management from the company, this allows company to take better economic decisions.

b. The following steps are necessary for adequate cash securities:

- i. Cash should be deposited daily in the bank
- ii. All payments except for petty cash transactions, should be made by cheque
- iii. There should be separation of cash receipts from that of cash recording and disbursements
- iv. All cash receipts should be recorded in cash registers
- v. All payments should be checked, approved and authorised by responsible officers before payments are made.
- vi. The function of payments should be separated from authorisation of cheques
- vii. Carbonised receipts should be issued for all cash sales and cash received
- viii. When payment is made for a transaction, the invoice and other supporting documents relating to that transaction should be stamped, paid with date so that payment will not be made for a transaction twice.

Examiner's Report

The question tested candidates' knowledge on the advantages of limited liability company over the sole proprietor business. The question also tested the candidates knowledge on security measures over cash in an entity.

About 98% of the candidates attempted the question and their performance was average.

Candidates major pitfall was their poor knowledge in the area the question tested. Candidates are advised to prepare well for the future examinations.

SOLUTION 4

(a)

WEAH BOUTIQUES**Telephone Expenses Account**

	Le'00		Le'00
Balance as per Trial	150,00	SOPL (Bal. Fig.)	120,00
		Prepaid c/d ($\frac{3}{15} \times 150,000$)	<u>30,00</u>
	<u>150,00</u>		<u>150,00</u>
Prepaid b/d	30,00		

Electricity Bills Account

	Le'00		Le'00
Balance as per Trial	180,00	SOPL (Bal. Fig.)	260,00
Accrued c/d	<u>80,00</u>		
	<u>260,00</u>		<u>260,00</u>
		Accrued b/d	80,00

Trade Receivables Account

	Le'00		Le'00
Balance as per Trial	400,00	Irrecoverable Debt	30,00
		Balance c/d	<u>370,00</u>
	<u>400,00</u>		<u>400,0</u>
Balance b/d	370,00		

Irrecoverable Debt Account

	Le'000		Le'00
Trade Receivables	<u>30,000</u>	SOPL (Bal. Fig.)	<u>30,00</u>

Allowances for doubtful debts Account

	Le'000		Le'00
Balance c/d	<u>18,500</u>	SOPL ($5\% \times 370,000$)	<u>18,50</u>
		Balance b/d	18,50

Profit or Loss Account

	Le'000		Le'00
Allowance for debt	18,500		
Bad debt	30,000		
Telephone Exp	120,000		
Electricity Bills	26,000		

(b) Explanation of the concept of matching and accrual in the preparation of financial statements

The **accrual concept** states that income should be recognized when they are earned and not when they are received in cash. Expenses should also be recognized when they are incurred and not when paid. The application of this concept gives rise to prepayments and accrued expenses (accrual).

An accrued expense occurs when it has been incurred but has not been paid. Prepaid expenses occur when payment has been made for services but benefits have not been derived from them. They give rise to liabilities and assets respectively. Prepaid expenses and outstanding receivables are assets while income received in advance and Outstanding payables are liabilities of the business.

All expenses due but not yet paid should be added to the expenses paid in order to determine the total expenses for the period. All expenses prepaid should be excluded from the amount to be deducted in the statement of profit or loss. All income due and receivable should form part of the income for the period. While all income received in advance should be excluded.

The **matching concept** holds that for any accounting period, the earned revenue should be matched with the cost that earned them. If revenue is deferred from one period to another, all elements of cost relating to them should also be carried forward accordingly. The concept is important in measuring the cost of goods sold or services rendered in a period. It is also useful in determining when the cost of an item becomes expenses (that is expired cost). When this concept is not properly applied, profits are either overstated or understated.

Examiner's Report

The question tested candidates' knowledge on the use of ledger account to effect the adjustment to a given trial balance, while the (b) part tested the knowledge on the matching and accrual concepts of accounting.

About 95% of the candidates attempted the question and their performance was average.

Candidates major pitfall was their lack of indept knowledge in the area the question tested. Candidates are advised to prepare very well for the future Examinations.

SOLUTION 5

a.

Chess Club

Bar Trading Account for the year ended May 31, 2017

	N'00	N'00
Bar Sales		10,40
Cost of Sales:		
Opening Inventory	1,500	
Bar Purchases	<u>3,60</u>	
Available for sales	5,100	
Closing Inventory	<u>(1,800)</u>	
Cost of Sales		<u>(3,300)</u>
Bar Gross Profit		7,100
Bar expenses		<u>(1,200)</u>
Bar Net Profit		<u>5,90</u>

b.

Chess Club

Income and Expenditure for the year ended May 31, 2017

	N'000	N'000
<u>Income:</u>		
Bar Profit		5,90
Other receipt		9,50
Membership Admission		900
Subscription		<u>10,86</u>
Total Income		27,160
<u>Expenditures:</u>		
General wages (Wk 3)	2,30	
Insurance (Wk 4)	570	
Depr. Of furniture & fittings (4,500 -	1,600	
Depr. Of Equipment (20% x 5,800)	1,160	
Rent & rates	800	
Social activities expenses	4,00	
Electricity	200	
Bank charges	120	
Total Expenditure		<u>(10,750)</u>
Surplus		<u>16,410</u>

c.

Chess Club

Statement of Financial Position as at May 31, 2017

 ATSWA PART 1 SEPTEMBER 2018 DIET

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	Cost	Acc. Depr.	C. Amount
	N'000	N'000	N'000
<u>Non-Current Assets:</u>			
Equipment	5,800	(1,160)	4,640
Furniture & fittings	<u>4,500</u>	<u>(1,600)</u>	<u>2,900</u>
Total Non-Current Assets	<u>10,300</u>	<u>(2,760)</u>	7,540
<u>Current Assets:</u>			
Bar Inventory		1,800	
Subscription in arrears		150	
Prepaid Insurance		190	
Bank balance		<u>7,640</u>	
Total Current			<u>9,780</u>
Assets Total			<u>0</u>
Assets			<u>17,320</u>
<u>Equity and</u>			<u>0</u>
Surplus			<u>16,410</u>
Total Equity			16,870
<u>Current</u>			
<u>Liabilities:</u>			
Total Equity and Liabilities			<u>17,320</u>

Working Notes

Wk 1: Opening Statement of Affairs as at June 1, 2016	N'000	N'000
Assets:		0
Inventory		1,500
Subscription in		100
arrears Insurance		<u>16</u>
prepaid Total		<u>0</u>
Assets Liabilities:		6,26
General wages owing	200	0
Subscription in advance	600	
Bank	<u>5,000</u>	
Overdraft		<u>(5,800)</u>
Accumulated Fund as at June 1, 2016		<u><u>460</u></u>

460

Wk2:	Subscription Account	
	N'000	N'000
Subscription in arrears b/f	100	Subscription in advance 600

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INSIGHT

Income & Exp. (Bal. Fig.)	10,86	Receipt & Payment	10,66
Subscription in advance c/d	450	Subscription in arrears	150
	<u>11,410</u>		<u>11,410</u>
Subscription in arrears b/d	150	Subscription in Advance	450

Wk 3: General Wages Account

	N'00		N'00
Receipt & Payment	2,50	Balance b/f	200
	<u>2,50</u>	Inc. & Exp. (Bal. Fig.)	<u>2,300</u>
			<u>2,50</u>

Wk 4: Insurance Account

	N'00		N'00
Balance b/f	160	Inc. & Exp. (Bal. Fig.)	570
Receipt & Payment	<u>600</u>	Balance c/d	<u>190</u>
	<u>760</u>		<u>760</u>
Balance b/d	190		

Examiner's Report

The question tested candidates' knowledge on the preparation of Not –for-profit (club) organisation simple financial statements. About 70% of the candidate's attempted the question and their performance was average. Major candidates' pitfall was their inability to prepare simple final accounts from a given club's financial records.

Candidates are advised to always cover this area of the syllabus in future examinations.

SOLUTION 6

a. The following are errors that do not affect the agreement of the Trial Balance:

- i) Error of omission
- ii) Error of principle
- iii) Error of commission
- iv) Compensating errors
- v) Complete reversal of entries
- vi) Errors of original entry

i) **Error of omission:** This is a complete omission of a transaction from the ledger. Both the debit entry and the credit entry were not recorded.

ii) **Error of principle:** When a transaction is posted to the wrong class of account an error of principle has been committed.

iii) **Error of commission:** This is an error within the same class of account but affecting different persons. It is the posting of entry to the account of a person other than the one intended. For example, a payment received from B. Abbey that is credited to B. Abu's account.

iv) **Compensating errors:** An error made in the ledger which, is exactly by sheer coincidence, balanced by another error elsewhere in the ledger is referred to as a compensating error, More than one error may at times be made and yet the sum totals exactly equal another single error somewhere else in the ledger. The effect is usually that there is overstatement of an item in one account and an equivalent amount understated in another account.

v) **Complete reversal of entries:** This involves error in which, for a transaction, the account that ought to be debited is credited and the one to be credited is debited. For instance, cash paid to trade receivables is debited in cash account and credited in trade payable account instead of vice versa.

vi) **Errors of original entry:** This error is committed where a transaction

is incorrectly recorded in a source document or book of original entry and the incorrect amount is eventually posted to the relevant account in the ledger.

b. The payroll procedures of an organisation can either be:

Manual system or computerised payroll system

The manual system derives net amount payable manually by obtaining information from letter of engagement to ascertain basic salaries, and allowances with a view to determining net amount payable to employees.

The computerised payroll system automates the payroll procedures that is, it automates the manual system with application software at a press of a button.

The end results of both manual and computerised payroll system are the same.

To arrive at net amount payable the following procedures are followed:

- i. **Engagement letter**
The engagement letters of employees serve as the basic source of input that will be used to compute employees' remunerations. Such inputs that can be obtained from this letter are: name of employees, rank of employees, engagement resumption time, basic salaries, allowances, term of employment, whether pensionable or not.
- ii. **Time Recording**
This is necessary to know the daily arrival and closing time of employees for the purpose of determining the remuneration of all employees. Time is one of the key input to determine the remuneration. It must be controlled
- iii. **Computerisation**
This process is very important to determine the wages of weekly and casual workers especially in bigger organisation. Information on weekly hours worked will be obtained from the time recording, the rate per hour on the engagement letters, the information will be used to determine wages of the workers.
Computation also involved processing of salaries of junior, senior and management staff of an organisation. Inputs such as basic salaries, allowances will be obtained from engagement letters of staff as one- off events, variations documents will be kept and updated regularly to know when there is employment, promotion, demotion, suspension, retirement, death of any employee.

iv. Employees filled various documents to supply information on non-statutory

deductions (cooperative deductions, union dues etc), whereas employer has the responsibility to determine statutory deduction of staffs.

After all these inputs are assemble, the gross pay of staff will be determined, statutory and non-statutory deductions will be deducted, net salaries of every staff will be determined on the payroll. Schedule of various deductions will be prepared to facilitate payment of salaries and deductions.

v. **Payment Procedures**

The main issues in payment procedures:

- ix. Determination of total wages of contract and casual staff
- x. Ascertain total salaries of junior staff, senior and management staff from the computation of salaries
- xi. Prepare payment vouchers with necessary documentations, check on the procedures
- xii. Write cheque to cover total wages on the payroll, salaries and various deductions
- xiii. Ensure that enough money is in the bank to pay the salaries
- xiv. Payment of salaries, wages and various deductions.

Examiner's Report

The question tested candidates' knowledge on accounting error that do not affect the agreement of a trial balance and the procedures of payroll preparation of the salaries and wages of an organisation.

About 95% of the candidates attempted the question and their performance was below average.

Candidates' shortfall was prominent in the (b) part of the question where they lacked knowledge of payroll preparation procedures when preparing salaries and wages.

Candidates are advised to prepare well and expose themselves to the practical aspect of accounting system for the institute future examination

MARKING GUIDE

SOLUTION 1		Marks	Marks
(a)	Identification of 5 features @ ½ mark each	2½	
	Description of 5 features @ ½ mark each	<u>2½</u>	
			5
(bi)	10 items of the trial balance @½ mark each	5	
	5 uses of a trial balance @ ½ mark each	<u>2½</u>	<u>7½</u>
			<u>12½</u>
SOLUTION 2		Marks	Marks
(ai)	Adjusted Payable ledger Control Account: 10 ticks @ ½ mark each	5	
(ii)	Reconciliation statement 10 ticks @ ½ mark each	5	<u>10</u>
(bi)	Explanation of types of bank accounts		<u>12½</u>
(i)	Savings Account	1	
(ii)	Fixed Deposit Account	<u>1½</u>	<u>2½</u>
			<u>12½</u>
SOLUTION 3		Marks	Marks
(a)	Identification of 5 advantages @ ½ mark each	2½	
	Explanation of 5 advantages @ 1 mark each	<u>5</u>	
			<u>7½</u>
(b)	5 measures of security over cash @ 1 mark each	5	
			<u>5</u>
			<u>12½</u>
SOLUTION 4		Marks	Marks
(a)	Relevant ledger account; 15 ticks @½ mark each		7½
(b)	Discussion of accounting concepts Matching: meaning	1	
(c)	Application	<u>1½</u>	<u>2½</u>
	Accrual: meaning	1	
	Application	<u>1½</u>	
			<u>2½</u>
			<u>12½</u>
SOLUTION 5			
(a)	Bar trading account 6 ticks @ ¹ / ₄ mark each		1½
(b)	Club's income and expenditure account 18 ticks @ ¹ / ₃ mark each	6	

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(c) Club statement of financial position: 6 ticks @ $\frac{1}{2}$ mark each	3	
Workings	<u>2</u>	11
		<u><u>12$\frac{1}{2}$</u></u>

SOLUTION 6

	Marks	Marks
a. Mentioning of 5 errors @ $\frac{1}{2}$ mark each	2 $\frac{1}{2}$	
Explanation of 5 errors @ $\frac{1}{2}$ mark each	<u>2$\frac{1}{2}$</u>	5
b. Engagement procedures: 3 points @ $\frac{1}{2}$ mark each	1 $\frac{1}{2}$	
Time Recording Process		
2 points @ 1 mark each	<u>2</u>	
Computation process:		
2 points @ 1 mark each	2	
Payment process:		
2 points @ 1 mark each	<u>2</u>	
		<u>7$\frac{1}{2}$</u>
		<u><u>12$\frac{1}{2}$</u></u>

INSIGHT

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS SEPTEMBER 2018**

BUSINESS LAW

Time Allowed: 3 hours

**SECTION A: PART I MULTIPLE-CHOICE QUESTIONS
(30 Marks)**

ATTEMPT ALL QUESTIONS

Write ONLY the alphabet (A, B, C, D or E) that corresponds to the correct option in each of the following questions/statements:

1. The law that is supreme to all laws in the whole country is the
 - A. Edict
 - B. Bye-Law
 - C. Constitution
 - D. Valuable law
 - E. Equity
2. The High Court and other courts above it are referred to as
 - A. Judicial Courts
 - B. Superior Courts
 - C. Contempt Courts
 - D. Criminal Courts
 - E. Civil Courts
3. The decision of courts that are on the same level of jurisdiction are
 - A. Binding on one another
 - B. Compelling on one another
 - C. Enforceable on one another
 - D. Cooperative
 - E. Persuasive on one another
4. The aim of criminal law is to
 - A. Award damages to victims
 - B. Punish the offender
 - C. Reconcile the parties
 - D. Persuade the aggrieved
 - E. Persecute the protester

ATSWA PART I SEPTEMBER 2018 DIET

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5. Which of the following is **NOT** a tort?
 - A. Injury to personal safety
 - B. Injury to property
 - C. Injury to reputation
 - D. Injury to government
 - E. Injury to economic interest
6. Which of the following is **NOT** an invitation to treat?
 - A. Contract sum
 - B. Negotiations
 - C. Tenders
 - D. Auction advert
 - E. Goods displayed in a supermarket
7. An acceptance by post takes effect from the date of
 - A. The offer letter
 - B. The letter of acceptance
 - C. Posting the acceptance letter
 - D. Signing the contract
 - E. Payment
8. The court will uphold an exemption clause in a contract document in the following circumstances **EXCEPT** where
 - A. Clause formed part of the contract signed by the party
 - B. The clause is clear and unambiguous
 - C. The attention of the party to be bound by the clause is drawn to it in good time
 - D. The clause is against public policy
 - E. It does not preclude a fundamental breach
9. A contract entered into, to perform an illegal act is
 - A. Unvalidable
 - B. Void
 - C. Voidable
 - D. Invoidable
 - E. Unacceptable
10. Which of the following **DOES NOT** discharge a contract for personal service?
 - A. Death of a party
 - B. Performance
 - C. Operation of law
 - D. Inaction

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- E. Incapacity
11. Which of the following is a remedy for breach of contract?
- A. Detention
 - B. Bail
 - C. Damages
 - D. Sanction
 - E. Jail term
12. Agency of necessity may be created in the following ways **EXCEPT** where
- A. There is no market for the goods
 - B. The agent acted in good faith and in the best interest of the principal
 - C. It is not possible to communicate with the principal
 - D. The agent acted to prevent irreparable loss to the principal
 - E. There is real and commercial necessity
13. What is the effect where the principal becomes insane under agency law?
- A. The contract will be terminated
 - B. The third party will be indemnified
 - C. The agent will be liable
 - D. The contract will continue
 - E. The agent will be liable
14. In sale of goods, the transaction is complete when the
- A. Parties have negotiated
 - B. Buyer identifies the goods
 - C. Seller has agreed to sell
 - D. Property and risk are passed to the buyer
 - E. Price is fixed
15. Which of the following is **NOT** classified as 'goods' in sale of goods?
- A. Motor vehicle
 - B. Cash
 - C. Jewellery
 - D. Foodstuff
 - E. Machinery
16. Which of the following is **NOT** a duty of the hirer in hire purchase transaction?
- A. To take care of the goods

INSIGHT

- B. To accept delivery of the goods
 - C. To give report of his performance or earnings
 - D. To pay the instalments when due
 - E. To deliver the goods on termination to the owner
17. In a hire purchase agreement, the owner of goods can sue the hirer for the following **EXCEPT**
- A. Damages
 - B. Arrears of instalment
 - C. Delivery of the goods
 - D. Insurance company
 - E. Breach of agreement
18. The document which contains the conditions of service in a contract of employment is called
- A. Letter of service
 - B. Letter of deployment
 - C. Letter of employment
 - D. Letter of intention
 - E. Letter of absorption
19. Which of the following is a characteristic of contract of insurance?
- A. Utmost good fate
 - B. Utmost good fiat
 - C. Utmost good faith
 - D. Utmost good feat
 - E. Utmost good fit
20. The purpose of forming partnership business is
- A. Cross breed ideas
 - B. Contribute capital
 - C. Form alliance
 - D. Manage resources
 - E. Make profit
21. Which of the following is **NOT** a requirement for the registration of partnership?
- A. The name of the partnership
 - B. The number of children of each partner
 - C. The names of each partner
 - D. The nature of business
 - E. The place of business
22. The minimum authorised capital requirement of a private limited liability company is

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- A. ₦100,000
 - B. ₦50,000
 - C. ₦30,000
 - D. ₦10,000
 - E. ₦20,000
23. In a public company, the maximum number of members is
- A. Limited to 500
 - B. Limited to 400
 - C. Limited to 300
 - D. Limited to 200
 - E. Unlimited
24. What is the number of days required for notice of Annual General Meeting of a public company?
- A. 30 days
 - B. 14 days
 - C. 21 days
 - D. 20 days
 - E. 7 days
25. Which of the following is **NOT** a requirement for the registration of a business name?
- A. Name of owner
 - B. Place of business
 - C. Nature of business
 - D. Share capital
 - E. Passports photograph of owner
26. Which of the following is **NOT** correct of a bank customer?
- A. The bank receives instruction from him
 - B. He is an agent of the bank
 - C. He pays and withdraws money from the account
 - D. A third party may pay money into his account
 - E. He draws cheques on the bank
27. Which of the following is **NOT** a function of the Central Bank?
- A. Receiving deposit from individuals
 - B. Ensuring monetary policies are maintained
 - C. Issuing legal tender currency
 - D. Maintaining external reserve
 - E. Acting as bankers' bank
28. Which of the following is a negotiable instrument?

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- A. Postal order
 - B. Money order
 - C. Share certificate
 - D. Bill of lading
 - E. Bill of exchange
29. The duty of a holder of a bill are the following **EXCEPT** to
- A. Present the bill for acceptance
 - B. Present bill not payable on demand for payment
 - C. Give the drawer and endorser notice of dishonour
 - D. Note and protest the bill
 - E. Refuse acceptance
30. Which of the following is **NOT** an objective of public trust?
- A. The relief of poverty
 - B. The purposes beneficial to the community
 - C. Advancement of Religion
 - D. The promotion of luxury for individuals
 - E. Advancement of education

SECTION A: PART II SHORT-ANSWER QUESTIONS (20 Marks)

ATTEMPT ALL QUESTIONS

Write the correct answer that best completes each of the following questions/statements:

1. The branch of government which settles disputes between the government and its citizens is called.....
2. Equity looks to the intent and not the
3. The order of superiority of courts within the legal systems is called
4. In criminal prosecution, the standard of proof required to secure conviction of the offender is

INSIGHT

5. In an action for negligence in tort, the plaintiff must establish a breach of legal duty of care which resulted in
6. *Consensus ad idem* is a latin maxim which in the law of contract means
7. In contract where, unknown to the parties, the subject matter of the agreement has been destroyed, such contract is said to be
8. Fundamental terms in a contract are called
9. An order of court which restrains the offending party from continuing an act is
10. An agent who negotiates for the sale or purchase of goods in the owner's possession is called
11. Goods to be manufactured in sale of goods contract after the sale agreement has been concluded are called
12. In a contract of employment, the consideration by the employer to the employee is called
13. In hire purchase transaction, the owner of goods retains
14. The condition precedent for a valid contract of insurance is the advance payment of
15. What is the type of partnership in which all the partners are involved in the management of the business?

16. A company against whom winding-up process has been commenced is
is said to be in ..
17. A one-person business is also known as ..
18. A Financial Institution which carries on banking business by trading in and holding commercial bills of exchange is called a ..
19. The relationship between a banker and its customer is that ofand.....
20. The person who is the equitable owner of property held by a trustee is
is called ..
.....

ATTEMPT ANY FOUR QUESTIONS

QUESTION 1

- a. Parliament enacts laws in any country in a democratic system.

You are required to explain briefly:

Legislation and Bye-Laws in a democratic system.

 $(2^{1/2}$

Marks)

- b. In law of contract, agreements entered into by parties impose obligations and legal duties on the parties.

Required:

- i. Explain briefly offer in contract.

(2
Marks)

INSIGHT

- ii. Chiedu called Ebo on phone and offered to sell his 10-year old Honda SUV to him for ₦400,000, and Ebo accepted same day on phone. Chiedu returned from Abuja a week later, but because he was not paid the money he expected from the contract he had executed, he refused to sell the Honda SUV to Ebo. Ebo has come to you for advice

Required:

State the legal issues involved and advise Ebo accordingly (3 Marks)

- c. A person eligible to carry out an act may appoint another person to do it on his behalf

Required:

State **TWO** duties of a principal to the agent. (2 Marks)

- d. Chief Ajax owns two apartments on the same premises, he lives in one and intends to let out the other for rent. Samson is an estate broker who, though was not authorised or engaged by Chief Ajax, has been bringing prospective tenants to inspect the vacant apartment with the knowledge of Chief Ajax, who did nothing to discourage or stop him.

Eventually, Samson put Mr Wahala in possession of the vacant apartment and collected ₦500,000 from him as rent for one year, but absconded with the money. Chief Ajax is demanding for another rent from Mr. Wahala or that he must move out from the apartment immediately.

Required:

Identify the type of Agency created and advise the parties accordingly.

(3 Marks)

(Total 12½

Marks)

QUESTION 2

ATSWA PART I SEPTEMBER 2018 DIET

INSIGHT

- a. Disputes in society are settled by the courts.

Required:

Briefly explain Inferior Courts and state **ONE** example. (2½ Marks)

- b. Some clauses put in a contract may negatively affect parties to the contract.

Required:

- i. Explain briefly 'exemption clause' (2 Marks)

- ii. Ikhale owns a motor vehicle garage that has been repairing Feko's Mercedes Benz for the past five years. The garage standard form for vehicle repairs contains a clause for non liability for damage, but it was not given to Feko to sign because of his familiarity as a customer. The car's wind screen was cracked in the garage. Ikhale denied being liable on the basis of the exclusion clause in the standard garage form. Feko is aggrieved.

Required:

State the legal issues involved and advise Feko accordingly. (3 Marks)

- c. Under sale of goods contract, the goods must be fit for the purpose desired.

Required:

- i. Explain briefly specific goods. (2 Marks)

- ii. Ayei bought frozen fish valued at ₦2,000 from Kwame Eleja Cold Store because Kwame assured her that the fish was very good, but to Ayei's dismay the fish is not fit for consumption. Ayei intends to seek legal redress against Kwame Eleja Cold Store

Required:

State the legal issues involved and advise Ayei (3 Marks)

INSIGHT

(Total 12¹/₂
Marks)

QUESTION 3

- a. The court system is hierarchically arranged from the lowest to the highest court.

Required:

Explain briefly the place and effect of decisions of the Supreme Court.

(2¹/₂ Mark)

- bi. Covenants in restraint of trade make competition in business agreements voidable.

Required:

Explain briefly 'covenant in restraint of trade' (2 Marks)

- ii Mensa Company Limited employed Fofo as a Marketing Manager to sell its products in Lagos. The contract contained a covenant that as their employee, Fofo must not take any other employment with another company in the same line of business in West Africa for the next ten years. After six years of working with the company, Fofo got another job with Ivory Company in Togo doing the same business. Fofo has come to you for advice.

Required:

State the legal issues involved and advice Fofo . (3 Marks)

- c. Hire purchase has helped greatly in small scale business.

Required: Explain briefly

- i. Hire Purchase. (2 Marks)

- ii. State **THREE** characteristics of hire purchase transactions (3 Marks)

(Total 12¹/₂

Marks)

QUESTION 4

ATSWA PART I SEPTEMBER 2018 DIET

INSIGHT

- a. Criminal liabilities are imposed on certain behaviours which are against the general interest of society.

Required:

Explain briefly a criminal act. (2½ Marks)

- b. Ebuka concluded an agreement with Musa on the 31 January 2012 in Lagos to supply him fresh maize from his farm. Unknown to the parties, the maize farm had been destroyed by a gang of youths in Abule where the farm was located as a result of communal conflict on the 17 January 2012.

Required:

- i. State the legal issues involved and advise the parties as to the position of the contract.

(3 Marks)

- ii. Briefly explain specific performance. (2 Marks)

- c. The relationship between the master and servant in employment contract is a voluntary one.

Required:

- i. State **TWO** duties of an employee (2 Marks)

- ii. Omoyemi was employed as an office assistant by Kay & Kay Limited. In his appointment letter, the parties were to give each other a month notice to terminate the contract.

After few weeks Omoyemi's appointment was terminated without the required notice, and no reason was given for the termination.

Required

State the legal issues involved and **advise** Omoyemi accordingly. (3 Marks)

(Total 12½

Marks)

INSIGHT

QUESTION 5

- a. Negligent actions that cause injury or affect personal interest are in the realm of torts.

Required:

- i. Explain briefly 'duty of care' (2¹/₂ Marks)
- b. The business of insurance is to ameliorate the effect of losses suffered by the insured when a pre-determined event occurs.

Required:

- i. Explain briefly the importance of 'Proposal Form' in insurance contract. (2 Marks)
- ii. Ofure has an oil palm farm which he insured against fire with Rainbow Insurance Company Limited for N50 Million. The farm was leased to Okauso for five years. Okauso did not insure his interest in the farm. The farm was gutted by fire in the fourth year of lease. Rainbow Insurance Company Ltd is aware of the lease to Okauso and has refused to indemnify Ofure who intends to sue Rainbow Insurance Company Ltd.

Required:

State the legal issues involved and advise Ofure accordingly. (3 Marks)

- c. When more than two people come together to do business for profit, a partnership is formed.

Required:

- i. Explain briefly 'General Partnership'. (2¹/₂ Marks)
- ii. Negotiable instruments are a medium of exchange in commercial transactions.
You are required to explain briefly 'holder in due course'. (2¹/₂ Marks)

(Total 12¹/₂ Marks)

INSIGHT

QUESTION 6

- a. A business organisation may be a one-man business or Limited Liability Company.

Required:

- i. State **THREE** persons entitled to receive notice of a general meeting of a limited liability company.
(3 Marks)
- ii. State **TWO** duties of the Company Secretary (2 Marks)
- iii. Explain briefly sole proprietorship (2¹/₂ Marks)
- b. One of the functions of a banker is to provide financial services.

Required:

Explain a banker's duty to honour customer's cheques.
(2¹/₂ Marks)

- c. Trust is a creation of Equity.

You are required:

Explain 'Certainty of Object' in Trust
(2¹/₂ Marks)

Marks)

(Total 12¹/₂

SOLUTION TO MULTIPLE CHOICE QUESTIONS

1. C
2. B
3. E
4. B
5. D
6. A
7. C
8. D
9. B
10. D
11. C
12. A
13. A
14. D
15. B
16. C
17. D
18. C
19. C
20. E
21. B
22. D
23. E
24. C
25. D
26. B
27. A
28. E
29. E
30. D

Examiner's report

- i. Topics Tested: Entire Syllabus
- ii. Attempt Rate: 100%
- iii. Pass rate : 80%
- iv. Performance Rating: Very Good

INSIGHT

SHORT ANSWERS QUESTIONS

1. The judiciary
2. Form
3. Hierarchy of Courts
4. Proof beyond reasonable doubt
5. Damage/Injury
6. Meeting of the mind or Agreement
7. Frustrated
8. Conditions
9. Injunction
10. A Broker
11. future goods
12. Remuneration / Salary/wage
13. Title / Property
14. Premium
15. General Partnership
16. Liquidation
17. Sole Proprietorship
18. Discount House
19. Debtor and Creditor
20. Beneficiary

Examiner's Report

- I. Topics Tested: Whole Syllabus
- ii. Attempt Rate: 100%
- iii. Pass Rate: 75%
- iv. Performance Rating: Very good

SOLUTION 1

- a. In a democracy, laws are made by Legislature. Legislation means laws made or enacted by the Legislature.
Bye-laws are laws made either by the various local governments, which are only applicable in particular Local Government Areas, e.g Trade Permit or market regulations; or parastatals duly authorised by an enabling Law or Act.
- b.
 - i. An Offer is a definite, clear proposition which emanates from the offeror to the offeree to enter into an agreement and be legally bound by it if the offeree accepted the terms. The agreement gives rise to rights, duties and obligations.

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INSIGHT

- ii. The legal issue involved is on offer and acceptance in the law of contract

In this case, Chiedu made an offer by phone which was accepted by Ebo the same day on phone. There was no revocation of the offer. The fact that Chiedu could not get the money he was expecting is immaterial. Ebo will succeed and obtain damages in court in an action for breach of contract.

- c. The principal's duties to the Agent are:

- Duty to pay agent's commission;
- Duty to indemnify the agent for lawful acts; and
- Duty to be liable to third parties for contracts entered into by the agent

- d. The type of agency created here is agency by estoppel. A person that is not ordinarily bound by the actions of another who acts without his authority could be so bound where he has by his conduct, led a third party to believe that the other person acted with his authority.

Chief Alex has by his conduct of silence made Mr. Wahala to believe that Samson was acting with his authority. Hence, he is bound by the contract created on his behalf by Samson, and Mr. Wahala does not have to pay another rent.

Chief Alex has to sue Samson so as to recover his money.

Examiner's Report

Topics Tested:

- (a) Legislation and Bye-laws;
- (b) Offer and Acceptance in contracts;
- (c) Duties of Principal in Agency,
- (d): Agency by Estoppel.

ii. Attempt Rate: 85%

iii. Pass Rate: 55%

IV. Performance Rating: Average

v. Major pitfall: shallow understanding of the application of legal principal to problem questions

vi. Suggestions: Candidates need to study harder, using the ICAN study park and other study materials.

INSIGHT

SOLUTION 2

- a. Inferior courts are not courts of record, and their decision are binding precedents to any other courts.
These courts are Magistrates Courts, Customary Courts, Area Courts, District Courts and such lower courts as law may establish
- b. An exemption clause, also referred to exclusion clause is a term used in contract to exempt one party to the contract from liability on the occurrence of certain event
The courts are usually against exemption clauses that exclude fundamental breach and clauses against public policy.
- ii. Where a document containing an exemption clause is not signed, the party relying on it must show that it is an integral part of the contract.
Constructive notice will not be imputed by reference to past transactions where the attention of the customer or party was not drawn to the clause before entering the contract as in the instant case.
Ikhale Motor Vehicles Garage cannot rely on the standard form clause. Feko will succeed in an action from the damage done to his Mercedes Benz and may claim damages from Ikhale Motor Vehicles garage.
- c. i. Specific Goods are goods identified and agreed upon at the time the contract of sale was made. These are goods which the buyer has agreed to buy from the seller.
- ii. In sale of goods contract, there is an implied condition that the goods sold are of satisfactory quality and fit for the purpose intended.
Ayei relied on the seller that the fish was of good quality and fit for consumption, but the fish is not.
Ayei will succeed in an action in court for breach against Kwame for damages.

Examiner's Report

- i. Topics Tested:
 - (a) Inferior Courts,
 - (b) Exemption clauses in contracts;
 - (c) specific goods and implied conditions in sale of goods

and

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INSIGHT

implied conditions in sale of goods

- ii. Attempt rate: 85%
- iii. Pass rate: : 60%
- iv. Performance Rating: Good
- v. Major Pitfall: Difficulty of expression in giving answers to questions
- vi. Suggestions: ICAN Study Text is of essence in preparing for the examination.

SOLUTION 3

- ai. The Supreme Court is the highest and final court in the hierarchy of courts. The decision of this court constitutes binding precedent on all other courts in the hierarchy of courts. The Supreme Court is not bound by its own previous decision, so it may depart from its previous decision where it was reached *per in curiam*. Where there are two conflicting past decisions the court will overrule one and follow the other.
- b. i A Covenant in restraint of trade is an agreement between parties whereby a party imposes restrictions on another in the practice of a trade, business or vocation for stipulated period of time, or within given area. Ordinarily, the law treats such a covenant as void. However, the court may allow it if the covenant is considered reasonable, for instance, if it is to protect an interest recognised by law.
Where the covenant limits trade, competition or the freedom of an employee and use of skill the court may not enforce it.
- ii. The court may not enforce an agreement restraining business activities, competition or freedom of an employee. *Prima facie*, contract in restraint of trade are to be deemed invalid.

The restraint on Fofu's movement for 10 years within West African sub-region is wide and unreasonable.

Fofu will succeed in an action in court against Musa Company Limited as the court is likely not to enforce the restraint.

- c. i. Hire Purchase is a transaction for the delivery of goods for which the hirer pays a small deposit to the owner of goods, promising to pay the balance in agreed periodic instalments, in consideration of being given possession and use of the goods, with an option of purchase it.
- ii. The characteristics of Hire Purchase are:

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INSIGHT

- It is a contract between the owner of goods and the hirer, which has to be in writing;
- The relationship between the parties is that of bailor and bailee;
- The hirer takes possession of goods while the title remains with the owner;
- The hirer exercises the option to purchase, if he so desires and has fulfilled the agreed conditions;
- The hirer is entitled to return the goods and terminate the Agreement. Thereafter, he ceases to be liable to pay further instalments.

Examiner's Report

i. Topics Tested:

- (a) Hierarchy in Court System;
- (b) Covenant in restraint of trade;
- (c) Characteristics of Hire Purchase

ii. Attempt rate: 60%

iii. Pass rate: 50%

iv. Performance Rating: Average

v. Major Pitfall: Shallow understanding of the topics tested in the question.

vi. Suggestions: Adequate proportion for the exams and in-depth

SOLUTION 4

- a. Criminal act means a wrongful act or offence committed against the state or society. Criminal law imposes criminal liability on wrongful conducts, for example cheating, fraudulent acts, stealing etc. An offender found guilty will be convicted and sentenced to a term of imprisonment or asked to pay a fine. Punishing the offender acts as a deterrence to others and protects the society. Conviction for an offence requires proof beyond reasonable doubt.

INSIGHT

- b.i. A contract, in which both parties made the same mistake as to the existence of the subject matter of the contract is frustrated and discharged.

In this case, the parties were unaware that the subject matter had been destroyed on 17th day of January, 2012, that is, before the contract was made on the 31st day of January, 2012.

There is no valid contract and no legal rights accrues to any of the parties to the contract

- ii. Specific performance means an order of court which expressly orders a party to a contract to perform his obligations under it. It is an equitable remedy which the court may make where damages will not be adequate as compensation.

A party asking for specific performance must establish before the court that he has performed his own obligation under the contract.

- c.i. The following are the duties of an employee to the employer

- Duty of care in the discharge of his duties;
- Duty of loyal service;
- Duty to obey lawful orders of the employer; and
- Duty to keep the employer's trade secret and confidential

information

- ii. In employment contract, an employer may terminate the appointment of any employee at any time without giving reasons, but observing all terms of disengagement length of notice, and benefit

O moyemi is entitled to a month salary in lieu of notice as well as other benefits if he sues for breach.

Examiner's Report

- i. Topics Tested:

- (a) Criminal acts and liabilities,
- (b) Frustration and specific performance in contracts;
- (c) Duties of employee and termination of employment in employment contract

- ii. Attempt rate: 80%

- iii. Pass rate: 50%

- iv. Performance Rating: Average

- v. Major Pitfall: Inadequate knowledge of the topics tested

- vi. Suggestions: Adequate preparation for the exams, using

the ICAN study pack.

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INSIGHT

SOLUTION 5

- a. Duty of care in tort means that a person must take reasonable care to avoid actions which he reasonably foresees may injure his neighbour. It is an ingredient of the tort of negligence that a person must have others in contemplation when acting or omitting to act.
- b.i. Proposal form in insurance contract is designed by the insurer to elicit material facts or information from the person who wants to be insured.
The would-be assured is expected to disclose all material facts when completing the proposal form which the insurer requests the applicant to fill. The proposal form requests from the applicant what the insurer considers to be material to the risk. What is not asked for in the proposal form is deemed not material to the policy.
- ii. A contract of insurance is a contract of indemnity, and for a person to be indemnified he must have insurable interest in the subject matter of the contract.
A person is said to have insurable interest if he stands to gain a profit in the preservation of a thing or suffer a loss in its destruction. (Lucena V Craford)
The oil farm is only on lease and is not sold to Okauso. Ofure has a reversionary interest, which is covered by the policy. Rainbow insurance will be liable in an action to indemnify Ofure.
- c.i. General Partnership is partnership in which all the partners are involved in the management of the business. The partners are liable for all the debts and other obligations of the partnership without any limit to their liability
- ii. A holder in due course is a person who holds a bill free from all defects and can enforce it. He has taken the bill complete and regular on the face of it before it was due in good faith and without notice of previous dishonour.

Examiner's report

- i. Topics Tested: (a) Negligence and Duty of Cares in torts
 (b) Proposal form and Insurable Interest in Insurance
 (c) General Partnership and Negotiable Instruments
- ii. Attempt rate: 30%
- iii. Pass rate: : 40%

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INSIGHT

- iv. Performance Rating: Average
- v. Major Pitfall: Very shallow knowledge and understanding of the topics in the question
- vi. Suggestions: Serious preparation for the exams, using ICAN study

SOLUTION 6

- a.i. Persons entitled to receive notice of a General Meeting of a Limited Liability Company are:
 - Every shareholder;
 - Every director of the Company;
 - Every auditor;
 - The Company Secretary
 - The Receiver; and
 - Legal representatives' of shareholders
- ii. Specific duties of a Company Secretary include the following:
 - Providing secretarial support at all company meetings;
 - Advising the company on regulatory compliance;
 - Maintaining the register and other company records;
 - Rendering proper returns and giving notices to the Corporate Affairs Commission; and
 - Exercising other powers given him by the directors
- iii. The Sole Proprietorship is a one-man business. The business is the same as the owner. The owner is responsible for capital sourcing for his business, and for the day to day running of the business.
He is responsible also for all the debts and other obligations of the business without limit.
- b. A Bank must honour its customer's cheques, provided there is sufficient fund in the customer's account, from the deposit made by him or by virtue of an overdraft or a loan granted him.
- c. Certainty of Object in Trust means the persons who are to benefit under the trust must be clearly identifiable. The beneficiaries must be ascertained from the words used by the settlor.

INSIGHT

The settlor must clearly identify the beneficiaries under the trust. Certainty of Object is one of the essential elements of a trust.

Examiner's report

- i. Topics Tested: (a) Notice of General Meetings of Limited liability compremes, Company secretary's duties and sole proprietorship; torts
(b) Bankers duty to honour customer's cheque;
(c) Certainty of object in Trust
- ii. Attempt rate: 90%
- iii. Pass rate: : 65%
- iv. Performance Rating: Good
- v. Major Pitfall: None
- vi. Suggestions: Satisfactory performance

INSIGHT

BUSINESS LAW MARKING GUIDE

1. SECTION A:PART I -MULTIPLE CHOICE QUESTIONS 30 MARKS
2. SECTION A: PART II -SHORT ANSWER QUESTIONS 20 MARKS
3. SECTION B:ESSAY: -ANSWER 4 QUESTIONS 12¹/₂ MARKS EACH

QUESTION 1

	Sub marks	Total Marks
ai. Explain legislation	1	
ii. Explain Bye-law	<u>1¹/₂</u>	2 ¹ / ₂
b. i. Explain Offer		2
ii. State legal issue in case	1	
* Relate legal issue to state	1	
* Advice to Ebo	<u>1</u>	3
* State 2 duties of principal		2
(ii) State legal issue in case	1	
* Relate legal issue to case	1	
* Advice to the parties	<u>1</u>	3
* Total		12 ¹ / ₂

QUESTION 2

ai. Explain Inferior Court	1 ¹ / ₂	
ii. State one example	<u>1</u>	2 ¹ / ₂
b. i. Explain Exemption /Exclusion Clause		2c
ii. * State legal issue in case	1	
* Relate legal issue to case	1	

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INSIGHT

* Advice to Feko	<u>1</u>	3
c. i Explain specific goods		2
ii. State legal issue in case	1	
* Relate legal issue to case	1	
* Advice to Ayei	<u>1</u>	3
* Total		12 ¹ / ₂

QUESTION 3

	Sub marks	Total Marks
ai. Explain role of Supreme Court		2 ¹ / ₂
b.i. Explain restraint covenant in trade		2
ii. * State legal issue in case	1	
* Relate legal issue to case	1	
* Advice to Fofo	<u>1</u>	3
c. i Explain Hire Purchase		2
(ii) State 3 characteristics of Hire Purchase		3
* Total		12 ¹ / ₂

QUESTION 4

ai. Explain Criminal act		2 ¹ / ₂
bi. State legal issue in case	1	
* Relate legal issue to case	1	
* Advice the Parties	<u>1</u>	3
ii. Explain specific performance		2
c. i State 2 duties of employee		2

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INSIGHT

(ii)	State legal issues involved	1	
	Relate legal issue to case	1	
	Advice Omoyemi	<u>1</u>	3
	Total		12 ¹ / ₂

QUESTION 5

ai.	Explain duty of care		2 ¹ / ₂
bi.	Explain importance of proposal form		2
ii.	State legal issues in case	1	
	Relate legal issue to case	1	
	Advice Ofure	<u>1</u>	3
ci.	Explain general Partnership		2 ¹ / ₂
ii.	Explain holder in due course		2 ¹ / ₂
	Total		12 ¹ / ₂

QUESTION 6

	Sub marks	Total Marks
ai.	State 3 persons entitled to meeting notice	3
ii.	State 2 duties of company Secretary	2
iii.	Explain Sole Proprietorship	2 ¹ / ₂
b.	Explain banker's duty to honour customers cheque	2 ¹ / ₂
c.	Explain certainty of object in Trust	<u>2¹/₂</u>
	Total	<u>12¹/₂</u>

INSIGHT

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS – SEPTEMBER 2018**

ECONOMICS

Time Allowed: 3 hours

**SECTION A: PART I MULTIPLE-CHOICE QUESTIONS
(30 Marks)**

ATTEMPT ALL QUESTIONS

Write ONLY the alphabet (A, B, C, D or E) that corresponds to the correct option in each of the following questions/statements.

1. Which of the following is NOT a form of primary production?
 - A. Mining
 - B. Quarrying
 - C. Teaching
 - E. Forestry
 - F. Fishing

2. The main types of privatisation include
 - I. Share issue privatisation
 - II. Voucher privatisation
 - III. Asset sale privatisation
 - IV. Liabilities privatisation
 - A. I
 - B. II and III
 - C. II and IV
 - D. I,II, and III
 - E. I,II, III and IV

3. Interest is a reward for which factor of production?
 - A. Capital
 - B. Land
 - C. Labour
 - D. Business organisation
 - E. Entrepreneurship

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4. Which of the following is NOT a function of an entrepreneur?
- A. Organises and combines factors of production
 - B. Bears risks of the business
 - C. Principal decision maker in the business
 - D. Owner of business who provides the capital
 - E. Solves problems of inflation
5. Which of the following **CANNOT** be illustrated by the production possibilities curve?
- A. Scale of Preference
 - B. Scarcity
 - C. Full employment
 - D. Unemployment
 - E. Opportunity Cost
6. The relationship between commodity price and quantity demanded of a normal good is
- A. Neutral
 - B. Inverse
 - C. Positive
 - D. Exponential
 - E. Indeterminate
7. Suppose the weekly supply of a commodity in a village in The Gambia is estimated in the function:
- $$Q_s = -24 + 54 P$$
- What is the quantity supplied per week at a unit price (P) =D25.00 ?
- A. 1,374 Units
 - B. 1,350 units
 - C. 1,035 units
 - D. 1,734 units
 - E. 1,326 units
8. Which of the following is NOT a likely consequence of price ceiling?
- A. Rationing of product among buyers
 - B. Excess supply of the product
 - C. Emergence of black market
 - D. Selling on first - come first-serve basis

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INSIGHT

- E. Emergence of long queuing at the point of sales
9. Demand for factors of production is an example of a
- A. Competitive demand
 - B. Effective demand
 - C. Composite demand
 - D. Derived demand
 - E. Joint demand
10. Which of the following mathematical statements expresses equilibrium of a consumer of orange (O) and banana (B) under marginal utility theory?
- A. $\frac{P_o}{MU_o} = \frac{MU_b}{P_b}$
 - B. $\frac{P_o}{MU_o} < \frac{P_b}{MU_b}$
 - C. $\frac{MU_o}{P_o} = \frac{MU_b}{P_b}$
 - D. $\frac{P_o}{P_b} > \frac{MU_o}{MU_b}$
 - E. $\frac{P_o}{MU_o} > \frac{P_b}{MU_b}$
11. Which of the following is EXCLUDED when estimating National Income?
- A. Dividends
 - B. Wages and Salary
 - C. Transfer payments
 - D. Profits
 - E. Net exports
12. Net National Product is
- A. GNP adjusted for depreciation charges
 - B. National income plus corporate income tax
 - C. National income minus indirect business tax
 - D. National income less personal taxes

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INSIGHT

- E. National income less transfer payments
13. Given the consumption function for an economy as $C = \text{GH}¢100 \text{ million} + 0.75Y$, $Y = C + S$ and $Y = \text{GH}¢1500 \text{ million}$ where, Y is the disposable income and S = savings. The level of savings in the economy is
- A. GH¢375 million
 - B. GH¢275 million
 - C. GH¢225 million
 - D. GH¢125 million
 - E. GH¢315 million
14. All the following constitute problems in development plan implementation in West Africa EXCEPT
- A. Frequent alteration of Policy
 - B. Availability of resources
 - C. Unemployment
 - D. Foreign exchange rate fluctuations
 - E. Manpower challenges
15. Which of the following is most likely to propel economic growth?
- A. Overpopulation
 - B. Under population
 - C. Optimum population
 - D. High population growth
 - E. Low population growth
16. Which of the following market structures is characterised by a few number of interdependent firms?
- A. Monopolistic competition
 - B. Perfect competition
 - C. Oligopoly
 - D. Monopoly
 - E. Monopsony
17. The following are major sources of monopoly power EXCEPT
- A. Economies of scale
 - B. Merger and acquisition
 - C. Franchises and patent rights

INSIGHT

- D. Nearness to market for the product
 - E. Total control of relevant natural resources
18. One of the disadvantages of perfect competition is
- A. Absence of or less expensive sales promotion
 - B. Invention and innovations are not encouraged
 - C. Lowest price is obtainable in the market
 - D. Consumer's choice is not restricted
 - E. Free flow of market information
19. The international financial institution which provides loans to assist member countries experiencing balance of payments difficulties is
- A. International Development Association(IDA)
 - B. International Bank for Reconstruction and Development (IBRD)
 - C. International Monetary Fund (IMF)
 - D. Africa Development Bank (AfDB)
 - E. International Finance Corporation (IFC)
20. Which of the following is NOT an objective of the Organisation of Petroleum Exporting Countries (OPEC)?
- A. Regular supply of cheaper crude oil to developed countries
 - B. Provision of financial assistance to poor oil producing countries
 - C. Co-ordination and harmonisation of oil policies of member countries
 - D. Stabilisation of exchange rate of currencies of member countries
 - E. Stabilisation of oil prices
21. Which of the following is NOT a trade restrictive measure?
- A. Import tariff
 - B. Anti-dumping legislation
 - C. Trade liberalisation
 - D. Embargo
 - E. Quotas

INSIGHT

22. Which of the following is **NOT** a source of cost-push inflation?
- A. Increase in government capital expenditure
 - B. Consumer expectation of future price rises
 - C. Increase in the price of foreign raw materials
 - D. Upwards review of salaries of civil servants
 - E. Increase in marginal propensity to consume

INSIGHT

Use the data below to answer Questions 23 and 24. The following table shows information extracted from a country's Balance of payments statement for a certain year.

Items	Amount (L\$ million)
Merchandise trade export	310
Merchandise trade import	452
Portfolio investment (net)	-184
Unrequited transfers (net)	78
Services and income	-85

23. The country's Balance of Trade is

- A. L\$388
- B. L\$367
- C. L\$148
- D. -L\$142
- E. -L\$269

24. The Current Account Balance is

- A. L\$388
- B. L\$445
- C. -L\$149
- D. -L\$163
- E. -L\$530

25. A tax on a commodity of which demand is perfectly inelastic will fall totally on the

- A. Consumers
- B. Manufacturers
- C. Wholesalers
- D. Retailers
- E. Government

26. If the required cash reserve ratio is $12\frac{1}{2}\%$, then the value of money multiplier would be

- A. 5

INSIGHT

- B. 6
 - C. 7
 - D. 8
 - E. 9
27. Interest charged by central bank on loans issued to commercial banks is generally referred to as
- A. Prime Lending rate
 - B. Commission
 - C. Discount rate
 - D. Interest rate
 - E. Lending rate
28. One of the primary functions of a development bank is
- A. Providing medium and long - term loans for viable projects
 - B. Granting of short term loans for the development of private properties
 - C. Accepting deposits from government agencies
 - D. Printing of the country's currency notes
 - E. Supervision of finance houses
29. The basic principles of a good tax system are identified by
- A. David Ricardo
 - B. J.M.Keynes
 - C. MiltonFriedman
 - D. Arthur Lewis
 - E. Adam Smith
30. Paris Club of Creditors which represents the official government creditors include all the following countries EXCEPT
- A. United State of America
 - B. United Kingdom
 - C. United Arab Emirates
 - D. Republic of Germany
 - E. France

INSIGHT

SECTION A: PART II SHORT-ANSWER QUESTIONS **(20 Marks)**

ATTEMPT ALL QUESTIONS

Write the correct answer that best completes each of the following questions/statements:

1. The various combinations of two goods that can be produced in a country when all available resources are fully and efficiently employed is illustrated with the
2. The situation whereby the government assumes the exclusive ownership and control of a private firm or industry is called.....
3. The process of reorganising a public enterprise to make it self-sustaining and self-accounting instead of depending on government subventions and subsidies for survival is known as.....
4. A production process involving transformation of raw rubber into car tyre can be described as
5. A good for which an increase in income raises the quantity demanded is known as a/an.....
6. A set of indifference curves is known as a/an.....
7. The amount a buyer is willing to pay for a good minus the amount he actually pays for it is called.....

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8. The component of aggregate demand that describes the total capital formation over a period of time in an economy is.....
9. A decrease in the level of economic activities for TWO consecutive quarters is known as.....
..
10. In the determination of the equilibrium national income, the equation $I + G + X = S + T + M$ expresses the approach
11. If Mr. A earns ₦3000 per month and pays ₦350 in taxes, and Mr. B earns ₦10,000 per month and pays ₦1,000 in taxes, the tax system is referred to as
.....
12. A combination of measures designed to control money supply and credit availability in the economy to achieve macroeconomic objectives is called.....
.....
13. In order to prevent importation of harmful goods, government should adopt a non tariff barrier (NTB) instrument known as
14. Demand for money which depends directly on the level of income and inversely with the interest rate is a
15. Suppose the exchange rate of The Gambia Dalasi (D) to Nigeria Naira(₦) is D1.00 = ₦6.83, the amount in Naira required to buy goods worth of D500 from The Gambia is.....
16. The component account of the balance of payments statement which captures foreign direct investment and portfolio investment is.....
17. In a country of 100 million people, 40 percent constitutes the workforce while the total employed is 35 million. It follows that the

INSIGHT

unemployment rate
is.....
.....

18. An arrangement through which people interact for the purpose of exchange of goods and services is called.....
19. The ratio of the change in total revenue to the change in quantity sold is
.....
.....
20. A member of the World Bank Group which activities include provision of insurance services and private investment guarantee is.....

SECTION B: ATTEMPT FOUR QUESTIONS IN THIS SECTION (50 Marks)

PART 1 MICROECONOMICS

ATTEMPT ANY TWO QUESTIONS

QUESTION 1

- a. Explain THREE basic economic problems facing every society. (6 Marks)
- b. i. Describe a mixed economic system (2 Marks)
- ii. Outline THREE advantages of the adoption of a mixed economic system in West Africa (4½ Marks)

(Total

12½ Marks)

QUESTION 2

- a. Explain each of the following possible market situations.
- i. Market equilibrium
- ii. Excess demand

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iii. Excess supply (4½ Marks)

- b. The following table shows the demand and supply schedules for a brand of bathing soap in a village market.

Price (₦) per tablet	Quantity demanded units per week	Quantity supplied units per week
20	120	20
40	100	40
60	80	60
80	60	80
100	40	100

Required

- Plot the above data on a graph sheet to obtain demand and supply curves on the same axes.
- Determine, with the aid of the demand-supply diagram obtained in (i), the equilibrium price and quantity.
- Determine, with the aid of the demand-supply diagram, the market situation at each of the prices ₦50 and ₦90 per unit, respectively.

(8 Marks)

(Total 12½ Marks)

Marks)

QUESTION 3

- a. Explain each of the following with the aid of the Long-run Average Cost (LAC) curve.

- Economies of scale
- Diseconomies of scale
- Constant returns to scale (8½ Marks)

- b. Explain briefly the following types of internal economies of scale.

- Technical economies
- Financial economies

(4

Marks)

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(Total 12½

Marks)

PART II

MACROECONOMICS ATTEMPT ANY TWO QUESTIONS

QUESTION 4

- c. Briefly explain FOUR problems associated with national income measurement. (8 Marks)
- b. Identity THREE uses of national income estimates (4½ Marks)

(Total 12½ Marks)

QUESTION 5

- a. State and explain the quantity theory of money using the Irvin Fisher's equation of exchange approach. (6½ Marks)
- b. i. List FOUR assumptions underlying the process of deposit money creation. (2 Marks)
- ii. Suppose Mr Kofi deposits GH¢150,000 in a commercial bank and the cash reserve ratio imposed by the Central Bank is 9 percent, determine the maximum amount of deposit money that can be created by the banking system. (4 Marks)

(Total 12½

Marks)

QUESTION 6

- a. Explain the following classification of taxes using appropriate diagram.
- i. Progressive taxes
- ii. Regressive taxes
- iii. Proportional taxes
- (8 Marks)

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- d. Briefly explain **THREE** principles of a good tax system
(4¹/₂ Marks)
(Total 12¹/₂ Marks)

SOLUTION TO MULTIPLE-CHOICE QUESTIONS

1. C
2. D
3. A
4. E
5. A
6. B
7. E
8. B
9. D
10. C
11. C
12. A
13. B
14. B
15. C
16. C
17. D
18. B
19. C
20. A
21. C
22. E
23. D
24. C
25. A
26. D
27. C

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- 28. A
- 29. E
- 30. C

Examiner's Report

SECTION A:PART I MULTIPLE -CHOICE QUESTIONS

Candidates were instructed to attempt all questions in this paper. The questions were drawn from all areas of the syllabus. About 71% of the candidates scored pass marks in this part.

SOLUTION TO SHORT ANSWER QUESTIONS

- 1. Production Possibilities Curve (PPC)
- 2. Nationalisation
- 3. Commercialisation
- 4. Secondary Production
- 5. Normal Good
- 6. Indifference Map
- 7. Consumer Surplus
- 8. Investment Expenditure
- 9. Economic Recession
- 10. Injection=Withdrawal Approach
- 11. Regressive Tax
- 12. Monetary Policy
- 13. Embargo
- 14. Speculative Demand for Money
- 15. ₦3415
- 16. Capital Account
- 17. 12.5 percent
- 18. Market
- 19. Marginal Revenue
- 20. The Multilateral Investment Guarantee Agency (MIGA)

EXAMINER'S REPORT

SECTION A:PART II SHORT-ANSWER QUESTIONS

This part of the paper is also compulsory for the candidates. All the candidates attempted the questions and they recorded a success rate of about 68% on the average.

Generally, a good coverage of the entire syllabus is required for the candidates to score well in the Section A of the paper because questions are usually well spread over all the topics of the syllabus.

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MARKING GUIDE

Section A: Part I (MCQ)

For each of the 30 questions, award 1 mark for correct answer.

(Total

30 Marks)

Section A: Part II (SAQ)

For each of the 20 questions, award 1 mark for correct answer.

(Total 20

Marks)

SOLUTION 1

a. The three (3) basic economic problems facing every society are :

- i. What to produce;
- ii. How to produce and
- iii. For whom to produce.

(i) **What to Produce:** The list of goods that could be produced in any society is incredibly long. Nevertheless, every society must determine what goods and how much of the good to produce, because resources are scarce. It is important that the type and amount of goods and services that are produced is the best that could be produced given the society's tastes and preferences.

(ii) **How to Produce:** This problem is about the most appropriate method of production to adopt to produce goods and services. Thus, to maximise output within the limit of the available resources in the society, it is essential that more of labour-intensive method of production should be used in a labour-

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surplus economy. On the other hand, capital-intensive method should be emphasized in a capital-surplus economy.

- (iii) **For whom to produce:** The economic output can be distributed among the individuals of the society in the ways they contribute to output, and ability to afford it. However, a society's output must be distributed in such a way as to encourage the workforce to put up their best and at the same time to ensure a reasonable minimum standard of living for the vulnerable members of the society.
- b.(i) A mixed economic system is one in which both individuals and firms (the private sector), as well as the government (public sector) own and control productive resources. The economies of most developing countries including Nigeria are often cited as examples of mixed economies. In such economies, both the private and the public sectors are involved in the ownership and allocation of resources. Thus, a mixed economic system combines the features of both the capitalist and socialist economies.
- (ii) The advantages of mixed economic system include the following:
- **Best allocation of resources:** The resources of the economy are utilised in a way that ensures the adequacy of all types of goods and services, and with production efficiency.
 - **Welfare state:** Government agencies are established to protect consumers' interest, while legislative measures are adopted to reduce poverty and inequalities of income and wealth. Hence, there is no exploitation either by the capitalists or by the state.
 - **General balance:** The competition and cooperation between the public sector and the private sector promotes the realisation of a high rate of capital accumulation and economic growth.
 - **Economic freedom:** There is economic freedom of what to produce and what to consume by producers and consumers.

EXAMINER'S REPORT

This question tested candidates' knowledge of the basic economic problems of the society and the mixed economy. About 98% of the

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candidates attempted the question while only about 39% of them scored pass marks.

MARKING GUIDE

	Mar ks	Mark s
a. For each of the three (3) basic economic problems	2	
Identify the problems	1	
Explain	1	
		6
b.i Describe a mixed economy system	2	
Each advantage $1\frac{1}{2}$		
ii. For three advantages ($1\frac{1}{2} \times 3$)	$4\frac{1}{2}$	
Sub-Total		$6\frac{1}{2}$
Total		<u><u>$12\frac{1}{2}$</u></u>

SOLUTION 2

- a.(i) **Market equilibrium** occurs when the quantity demanded equals the quantity supplied. That is, when buyers' and sellers' plans are in balance.
- (ii) **Excess demand** occurs when the quantity demanded exceeds the quantity supplied; it is a situation where there is a shortage of the commodity in the market.
- (iii) **Excess supply** occurs when the quantity supplied in the market exceeds the quantity demanded. That is a situation in which there is surplus of the commodity in the market.
- b(i) - See the graph attached.
- (ii) - From the graph, the equilibrium price and quantity is ₦70 and 70 units, respectively.
- (iii) - From the graph, at the price of ₦50, per tablet, quantity demanded is 90 units while quantity supplied is 50 units, therefore excess demand is
 $(90 - 50 \text{ units}) = 40 \text{ units}.$

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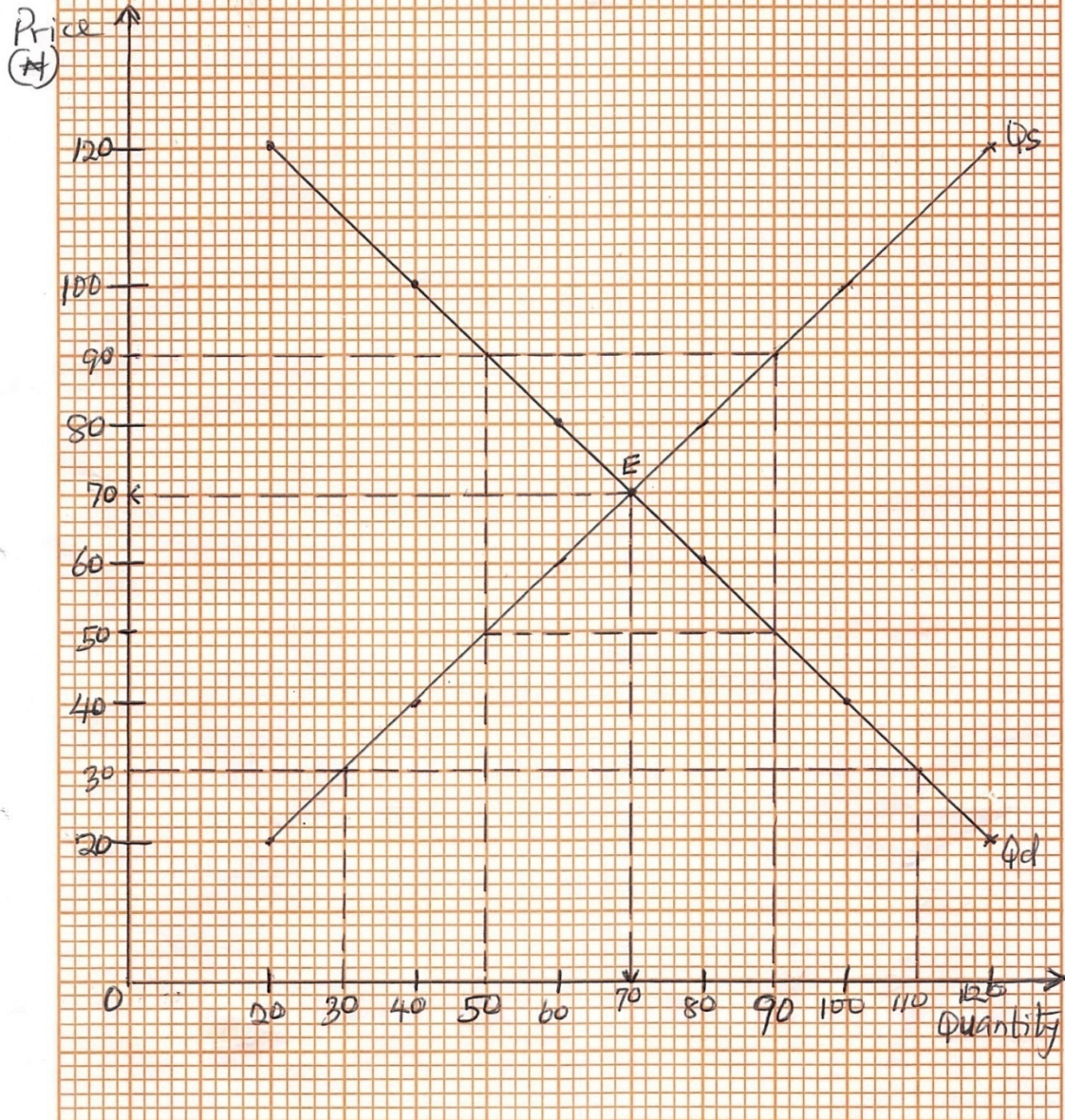
- At the price of ₦90 per tablet, quantity demand is 50 units whole quantity supplied is 90 units. Therefore, excess supply is $(90 - 50 \text{ units}) = 40 \text{ units}$.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

No Of Question.....

Candidate's No.....

(bi), (bii)



G. 5

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EXAMINER'S REPORT

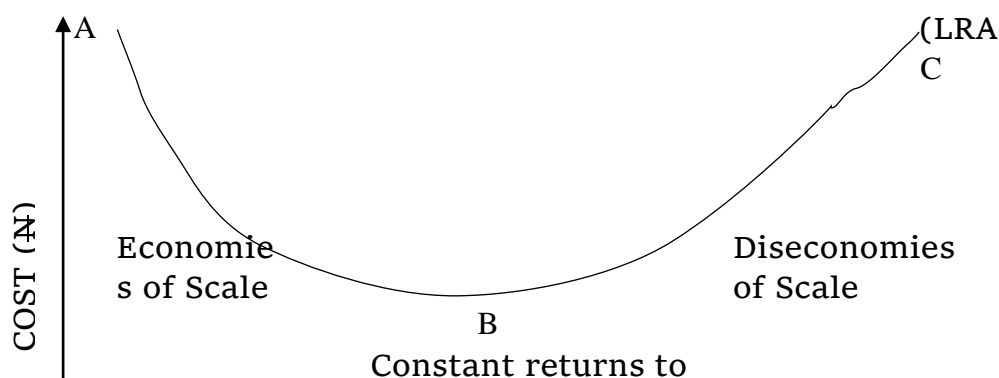
This question on the market system is very straightforward. About 80% of the candidates attempted the question with a success rate of about 62%. Inability of some of the candidates to plot the graph of the market schedule correctly explained their poor performance in this question.

MARKING GUIDE

	Mar ks	Mark s
a. For each of the three (3) concepts ($1\frac{1}{2}$ marks) Define (1 mark) Explain ($1\frac{1}{2}$ marks)		
i. Market equilibrium	$1\frac{1}{2}$	
ii. Excess demand	$1\frac{1}{2}$	
iii. Excess supply	$1\frac{1}{2}$	
Sub-Total		<u>$4\frac{1}{2}$</u>
b. Graph of market schedule	4	
i. The equilibrium price	1	
ii. The equilibrium quantity	1	
At p = N50; Excess demand = 40	1	
iii. At p = N90; Excess supply = 40	1	
Sub-Total		<u>8</u>
Total		<u>$12\frac{1}{2}$</u>

SOLUTION 3

- a. The U - shape of the Long -run Average Costs (LAC) curve reflects the law of returns to scale. The LAC can be used to explain Economies of scale, Constant returns to scale and Diseconomies of scale.



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- Quantity of Output
- In the above LAC curve, economies of scale occur from point A to point B. This is the range of output over which Long-run Average Costs (LAC) declines as plant size increases.
 - Diseconomies of scale occur from point B to point C. This is where Long-run Average Costs (LAC) increases as a result of setting up a larger plant.
 - Point B represents constant returns to scale. Over the range of output around point B, the Long-run Average Costs (LAC) remains constant.

- b(i) **Technical Economies** - This is when intensive use of machinery enables spread of overhead costs over a larger output. This allows firm to operate at the economies of scale region of Long-run Average Costs (LAC) curve.
- (ii) **Financial Economies** - Financial economies occur when a firm can easily obtain loans at lower lending rates of interest than small firms because they can easily provide collateral security.

EXAMINER'S REPORT

The question explored the candidates' knowledge of an aspect of the theory of the firm. The question was attempted by less than 10% of the candidates, and they recorded success rate of about 24%. Candidates are expected to attach equal importance to all the topics in the syllabus.

MARKING GUIDE

	Mar ks	Mark s
a. LAC diagram		
i. Economic of scale	$2\frac{1}{2}$	
ii. Diseconomies of scale	$2\frac{1}{2}$	
iii. Constant returns to scale	<u>2</u>	
		<u>$8\frac{1}{2}$</u>
b.i. Technical economies	2	
Financial economies	<u>2</u>	
ii.		
Sub-Total		4
Total		<u>$12\frac{1}{2}$</u>

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SOLUTION 4

a. The problems associated with national income measurement include the following:

- (i) **Multiple or double counting:** This has to do with intermediate goods, intermediate expenditure and transfer payments. There is a likelihood of valuing, for example, flour and bread separately or counting incomes earned not for productive activities (transfer payments).

If this happens, the value of total output will be grossly exaggerated. This problem is avoided to a very large degree by taking note of only the value added or final expenditure on goods and services and by excluding transfer payments.

- (ii) **Marketability of goods:** National income is the money value of goods and services produced in a given period. A problem arises in connection with goods and services that are not exchanged through the market. This problem is solved to some extent by including goods and services that do not enter the market. Conventionally, items that do not enter the market are included.

It follows that rent is imputed to owner-occupied houses, value is imputed to food produced and consumed on the farm, and services of maid-servants and washer-men are included.

- (iii) **Depreciation:** Capital stock wears and tears when used to produce goods or to render services. We account for this as depreciation or capital allowance. To arrive at NNP, depreciation is subtracted from GNP. The problem here is how to accurately estimate depreciation. If the value of depreciation is overestimated or underestimated national income will be invariable affected.

- (iv) **Inadequate statistical data:** One basic problem of estimating national income is the lack of statistical data. This problem is more pronounced in developing countries like Ghana and Nigeria. Individuals, business firms and the government at times do not keep proper records of incomes, output and

INSIGHT

expenditure. Government departments with the responsibilities to collect and collate vital statistical data do not keep up-to-date records. For example, in Ghana, because of lack of data on income, the income method is not used in estimating national income.

- (v) **Price Instability:** National income is measured in terms of money whose value changes from time to time. It is therefore, difficult to make a stable valuation of national income. This problem is dealt with by expressing national income estimate in real terms (in constant prices).
- (vi) **Illegal incomes:** Some illegal incomes from criminal activities like drug trafficking and armed robbery may find their way into the national income. Such incomes should not be included.
- b. Uses of national income statistics including the following:
 - (i) **Indices of Economic Welfare:** National income estimates particularly the per capital income is a very useful indicator of economic welfare, per capital income in real terms gives a rough idea about the economic welfare of people in a country.
 - (ii) **For economic planning:** National income estimates are used to determine the savings and investment, potential rate of economic growth of a country.

To plan for an increase in the national income, current levels of national income must be known. This information is provided if we calculate income estimates.

- (iii) **Helps policy makers to understand the economic structure of the country:**

The product approach provides detailed information on contributions of the various sectors and sub-sectors of the economy. Data provided by the expenditure approach gives an idea about the proportion of income invested, consumed or transferred. Finally, data provided by the income approach provides information on functional distribution of income, which is useful for income tax policies.

INSIGHT

- (iv) **To approximate the potential demand:** Per capita income is used to estimate demand for various commodities. This is a very useful piece of information for potential investors. An investor will be interested in per capital income because generally the higher the per capital income, all other things being equal the higher will be the demand for goods and services.

- (v) National Income estimates are used to determine the subscriptions of nations to international bodies e.g. IMF, IBRD, UN, ECOWAS, etc. which they belong.

- (vi) **National Income estimates are also useful as a basis for inter-temporal and international comparison of living standards:** These estimates make it possible for comparison of standards of living of two or more countries. In this respect, the per capita income in real term is normally used. This type of comparison is called the ***international comparison***. In addition, the performance of an economy after a planned period can be ascertained by comparing the size of the national income before the plan with the national income after the implementation of the plan. This is known as ***inter-temporal comparison***.

EXAMINER'S REPORT

The question is on national income accounting with specific reference to the problems of measurement, and the relevance of the national income estimates for the economy's performance and management. The question was attempted by about 86% of the candidates with a success rate of about 47%.

MARKING GUIDE

	Mar ks	Mark s
a. For each of the four (4) problems with national income measurement (2 marks)		
Mentioning (1 mark)		
Explaining (1 marks)		
For 4 problems (2 marks x 4)		
Sub-Total	8	
b. For each of three (3) uses of national income figures (1 ¹ / ₂)		<u>4¹/₂</u>
For 3 uses of nation income figures		

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Total

12¹/₂

SOLUTION 5

- a. The **quantity theory of money** states that the price level is strictly proportional to the money supply.

The Irvin Fisher's equation of exchange to express the relationship between the money supply and price level in an economy is:

$$MV = PQ \quad (1)$$

Where

M	=	Total money Supply
V	=	Velocity of money of each Unit of money
P	=	Average price level
Q	=	Real national output or real GNP

The assumptions of the theory are:

- (i) The velocity of money circulation (V) is fixed
- (ii) The real GNP (Q) is fixed in the short-run
- (iii) The money stock (M) is determined from time to time by the country monetary authorities.
- (iv) The economy is at full employment level

Given the assumptions, the general price level is determined by the money stock, and there is a proportional relationship between the average price level and the money supply.

Thus equation (1) transforms into:

$$P = \frac{M\bar{v}}{\bar{Q}} \quad (2)$$

It follows from equal (2), for example that a 5 per cent increase in money supply will cause average price/level in the economy to rise by 5 per cent. Thus, inflation is conceived as a monetary phenomenon.

- b.(i) The assumptions underlying the process of deposit money creation are:
- The banking system is comprised of many banks
 - There is no cash leakage in the system
 - The statutory cash reserve ratio is given
 - All banks in the system are willing and able to make loans to the limit set by cash reserve requirement.

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- The initial deposit of a customer in his current account is given.

(ii) Maximum Amount of deposit (M_{dep}) is expressed as

$$\begin{aligned}
 (M_{dep}) &= \frac{\text{Initial deposit}}{\text{Cash reserve ratio}} \\
 &= \frac{150,000}{0.09} \\
 &= \underline{\text{¢1,666,666,67}}
 \end{aligned}$$

EXAMINER'S REPORT

This is a question on money and banking. The question was attempted by about 6% of the candidates and only about 13% of them scored pass marks. Specifically, about 87% of the candidates that attempted the question posted poor performance due to their poor knowledge or complete lack of understanding of what the quantity theory of money is about.

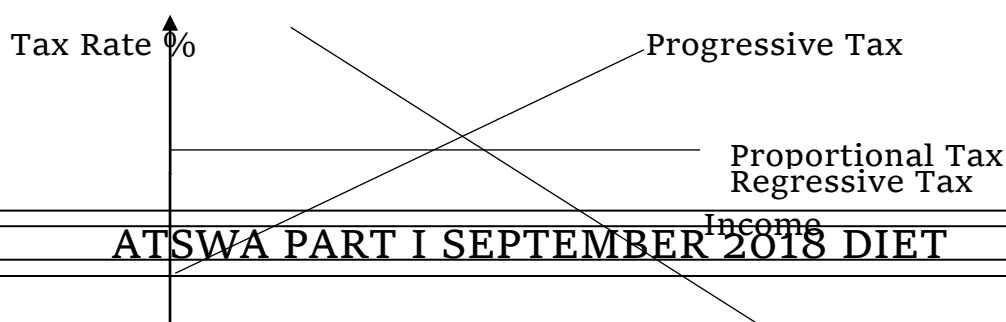
MARKING GUIDE

	Mar ks	Mark s
a. State quantity theory of money	1	
Explain the theory:	<u>5¹/₂</u>	
Sub-Total		<u>6¹/₂</u>
b.i. For each of four (4) assumptions (¹ / ₂ mark)		
For 4 assumptions (¹ / ₂ x 4 mark)	2	
ii. Maximum amount of deposit		
Formular	2	
Amount	<u>2</u>	
Sub-Total		<u>6</u>
Total		<u>12¹/₂</u>

SOLUTION 6

- a. Taxes can be classified according to the proportion of a person's income (or the tax base) which is paid in tax.

These classifications are shown diagrammatically below:



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O 

The above diagram shows Progressive, Proportional and Regressive taxes.

- (i) **Progressive Tax:** A tax is progressive if the percentage of income paid in tax varies directly with the level of income as shown in the diagram above. The higher the income, the greater the percentage of income paid in tax. Example is the personal income tax which is based on pay-as-you-earn (PAYE).
 - (ii) **Regressive Tax:** A tax is regressive when the percentage of the income paid in tax varies inversely with the level of income as shown above. Thus, the higher the level of income, the lower the percentage of income paid in form of tax. Example is the indirect taxes such as Value Added Tax (VAT).
 - (iii) **Proportional Tax:** A tax is proportional if the taxpayers pay the same percentage of their income in tax. This is shown in the diagram above. The tax payer pays same percentage irrespective of their level of income. Thus, Mr. A with income of ₦10,000 will pay ₦1000 while Mr. B with income of ₦15,000 will pay ₦1,500. Therefore, the higher the level of income, the greater the amount paid in tax.
- c. The principles of good tax system include the following:
- (i) **Equality:** People should be taxed in proportion to their respective abilities. That is the proportion of their current income.
 - (ii) **Convenience:** Taxes must be deducted in a way and at a time that is convenient for the tax payer and tax authority.
 - (iii) **Certainty:** The tax payer should know in advance the amount to pay and the time for the deduction (payment).
 - (iv) **Economy:** The cost of collecting the tax must not be more than the tax revenue to be realised.
 - (v) **Flexibility:** It must be easy to revise the tax structure.

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- (vi) **Simplicity:** Interpretation and calculation of tax must be very simple and clear to the taxpayers and tax collection agents.

EXAMINER'S REPORT

This question tested candidates' knowledge of tax classification as well as the principles of a good tax system. The question was attempted by about 92% of the candidates. On the average, about 46% of the candidates who attempted the question scored pass marks.

MARKING GUIDE

	Marks	Marks
a. Classification of Taxes Diagram	2	
i. Progressive Tax: Definition (1 mark) Explain (1mark)	2	
ii. Regressive Tax: Definition (1 mark) Explain (1 mark)	2	
iii. Proportional Tax: Definition (1 mark) Explain (1 mark) Sub Total	2	8
b. Each of the three (3) principles of a good tax system (1½ marks) Sub-Total		4½
Total		<u>12½</u>

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS - SEPTEMBER 2018**

COMMUNICATION SKILLS

ATSWA PART I SEPTEMBER 2018 DIET

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Time Allowed: 3 hours

SECTION A: PART I MULTIPLE-CHOICE QUESTIONS
(20 Marks)

ATTEMPT ALL QUESTIONS

Write ONLY the alphabet (A, B, C, D or E) that corresponds to the correct option in each of the following questions/statements.

1. The following are principles of communication **EXCEPT**
 - A. Choice of words
 - B. Provision of good and effective leadership
 - C. Clarity of purpose
 - D. Selection of suitable media
 - E. Obtaining feedback
2. Effective communication is rooted in the following, **EXCEPT**
 - A. Completeness
 - B. Conciseness
 - C. Consideration
 - D. Correctness
 - E. consciousness
3. Which of the following is a force that works against horizontal communication in an organization?
 - A. Rivalry
 - B. Specialisation
 - C. Coordination
 - D. Motivation
 - E. Administration
4. Which of the following is **NOT** a barrier to effective organisational communication?
 - A. Language
 - B. Free flow of communication
 - C. Information overload
 - D. Emotion
 - E. Lack of feedback
5. Which of the following words is **NOT** a verb?

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- A. Run
 - B. Grab
 - C. Make
 - D. Carrot
 - E. Get
6. Which of the following sentences contains a preposition?
- A. The cat ran
 - B. We will talk
 - C. She asked about the dog
 - D. Keep working hard
 - E. Your food is ready
7. Identify the sentence that does **NOT** have an adjective
- A. She had a red scarf
 - B. He was given sweet milk to drink
 - C. Can we play volleyball?
 - D. The small dog barked
 - E. We travelled in my blue saloon car
8. Which of the following words is NOT an example of an adverb?
- A. Quick
 - B. Well
 - C. Briefly
 - D. Almost
 - E. Immediately
9. What meeting is convened when there is a matter that requires immediate attention?
- A. Statutory
 - B. Special
 - C. Emergency
 - D. Regular
 - E. Scheduled
10. The list of items to be discussed at a meeting is
- A. Programme
 - B. Agenda
 - C. Schedule
 - D. Agendum
 - E. Activities

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11. The formal proposal made by a member at a meeting to adopt a position is
 - A. Point of Order
 - B. Vote
 - C. Policy
 - D. Move
 - E. Motion
12. Which of the following is **NOT** a technical term associated with meetings?
 - A. Quorum
 - B. Proxy
 - C. Sine qua non
 - D. Point of Order
 - E. Casting vote
13. Which of the following has **ALL** the fundamental tools of a meeting?
 - A. Notice of Meeting, Opening Remark, Agenda
 - B. Notice of Meeting, Agenda, Minutes of Meeting
 - C. Notice of Meeting, Agenda, Closing Remark
 - D. Notice of Meeting, Opening Remark, Closing Remark
 - E. Notice of Meeting, Agenda, Motion for Adjournment
14. Which of the following is the purpose for calling a special meeting?
 - A. There is an emergency situation
 - B. There is a public holiday
 - C. There is a very important matter to be discussed
 - D. It is the last meeting of the year
 - E. The Chairman is indisposed
15. Which of the following is **NOT** required in a meeting?
 - A. Chairman's opening remark
 - B. Reading and adoption of Minutes of Previous Meeting
 - C. Closing Prayer
 - D. Matters Arising
 - E. Fresh Matters
16. The interview method in report writing is used to
 - A. Describe the instrument
 - B. Collect data
 - C. State the problem

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- D. Find the solution
- E. Verify the finding
- 17. Which of the following is **NOT** a technical report?
 - A. Anonymous report
 - B. Field-trip report
 - C. Laboratory report
 - D. Industrial report
 - E. Research report
- 18. An eye-witness report is **NOT** needed in
 - A. Initiating a law suit
 - B. Testifying at the police station
 - C. Court
 - D. School
 - E. A Hospital
- 19. The introductory part of a report has all these components **EXCEPT**
 - A. Members of the panel
 - B. Terms of Reference
 - C. Background information
 - D. Purpose of the report
 - E. Findings
- 20. A good narration should have the following characteristics **EXCEPT**
 - A. Realistic Situation
 - B. Originality
 - C. Witty and captivating beginning
 - D. Liveliness
 - E. Selective presentation of facts

SECTION A: PART II SHORT-ANSWER QUESTIONS (20 Marks)

ATTEMPT ALL QUESTIONS

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Write the correct answer that best completes each of the following questions/statements

1. A communication that is spoken is called
2. A course of action marked by changes through a series of states or stages is referred to as a(n)
3. The act of sending a message is
4. A path through which electrical signals can pass is known as a(n)
5. Wrong use of words constitutes a(n) in communication
6. Poor lighting is an example of distraction in communication
7. When the receiver gets too much information which he cannot easily handle, it is known as
8. Anger is an example ofstate in communication
9. A person authorized to attend a meeting in place of a bonafide member is called
10. The person that records the proceedings at a meeting is the
11. Invitation sent to members to attend a meeting is referred to as
of Meeting.

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12. The extra vote of the chairman in order to decide an issue when votes on either side are equal is referred to as
13. The Latin phrase to say a meeting is postponed indefinitely is.....
14. The name given to a committee set up for a specific task is
15. A long essay is essentially in nature.
16. An essay that involves sequential presentation of materials is referred to as a(n) essay.
17. When a piece of writing makes use of details, it is known as essay.
18. Any essay or piece of writing must be headed by a
19. The two common types of outlines are and
20. An essay has three basic parts: introduction,and

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SECTION B:
Marks)

COMPULSORY

(30

SUMMARY

Read the following passage carefully and answer the questions that follow:

Basically five main factors affect the decision to centralize or decentralize. First, the type of product will often give a company no choice. Perishable goods, for example, must virtually always be decentralized. But non-perishable goods can be kept further away from the customer. Centralization is often essential if the product's market is subject to seasonal fluctuations. With two seasons you must turn over most of the stock for each consecutively, and it's easier to keep control of one season's models if the warehouse is central.

The next factor for consideration, often allied with perishability, is the degree of service required. Prompt delivery is vital throughout industry, but there are degrees of promptness, and fast-moving consumer goods, for example, rate top priority. With them a quick service 'can make the difference between sale or no-sale', says a group product manager of a well-known cereal company, 'because when customers want a product they usually want it immediately. And they'll go elsewhere to get it or buy a substitute if their regular source of supply is out of stock.' Thus the quicker a company has to meet its demand, the more it must decentralize, but with this comes increasing costs.

Cost, the third factor, is possibly the one that concerns management most. Production costs, labour costs, stock-holding costs, delivery cost – all are involved, and any decision to centralize or de-centralize is based primarily on them. 'From the point of view of capital expenditure, the fewer warehouses a company has the better,' says Harper. 'But every decision must weigh the costs of one central warehouse plus high-quality national transport against the costs of local warehouses plus the larger inventory needed, plus the local transport requirements.'

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De-centralized warehouses can be made more economic by increasing their functions. Thus a warehouse which has a stockholding as well as a delivery function, can also have a local sales unit attached to it. This would increase ordering and dispatch procedures, but the cost could be balanced against increased marketing effectiveness. In certain cases a further production or processing unit could also be added and while this would increase the complexity of an already complex situation, detailed cost analysis could well justify it.

In all events, management must consider the economics of de-centralization not only in terms of immediate transport facilities, but also in terms of future developments. Transport availability and methods are improving all the time and this continually alters the geographical advantages of certain areas.

Such different production sources, allied to de-centralized ware-houses, introduce the final factor which must be considered in any primary analysis – efficient management control. ‘With de-centralization, communications with head office or main factory management necessarily suffer’. says the director. ‘Systems of operation and control are duplicated and complicated in many cases. Thus necessary checking on external warehouse procedures wastes valuable head office management time, and this is the reason why many top managements rate control the most important factor of all.

(Adapted from C.J. Parsons and S J. Hughes (1977) Written Communication for Business Students, Second Edition PP. 75 – 77)

- a. Give a suitable title for the passage
(3 Marks)
- b. In **ONE** short sentence, state the main issue the passage discusses
(3 Marks)
- c. In **FIVE** short sentences, state the five factors that contribute to the decision whether to centralise or decentralise warehousing
(10 Marks)

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- d. In **ONE** short sentence, state one way de-centralizing warehouses can be beneficial
(2 Marks)
- e. In **ONE** short sentence, state Harper's stand on warehousing. (2 Marks)
- f. In **ONE** short sentence, state the most important factor according to many top managements as regards warehousing. (2 Marks)
- g. In **TWO** short sentences, one for each, state the two factors that alter the geographical advantages of certain areas with respect to warehousing.
(4 Marks)
- h. In **ONE** short sentence, state the major idea in the second paragraph.
(2 Marks)
- i. In **ONE** short sentence, state the challenge identified in the last paragraph of the passage.
(2 Marks)

(Total: 30 Marks)

SECTION C ANSWER ANY TWO QUESTIONS (30 Marks)

QUESTION 1

Imagine yourself giving a talk on an important issue to a group of people. You suddenly observed while speaking that majority of the people appeared bored and stressed. In fact, some were no more paying attention as they were busy chatting and making calls. Some of them had even dosed off, and the few that seemed to pay attention did not look excited about what you were saying.

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- a. List **FIVE** communication problems that might have given rise to this situation. (5

Marks)

- b. Discuss briefly how you can overcome **TWO** of the problems listed in (a).

(10

Marks)

**(Total: 15
Marks)**

QUESTION 2

A candidate in the class where you receive lectures was asked to write five sentences on the board. These are the sentences he wrote

- (i) Moses said he usually runs
- (ii) As an alumnus, the school should honour him
- (iii) He is more livelier than his brother
- (iv) Jude is faster than all participants in the race
- (v) Two of them is late to arrive.

- a. What type of error is contained in each sentence above?

(7¹/₂ Marks)

- b. Write the correct form of each of these sentences (7¹/₂ Marks)

(Total 15 Marks)

QUESTION 3

- a. Explain briefly internal and external correspondence.

(9 Marks)

- b. A salesman in your manufacturing company has just been relieved of his

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appointment for wrongful appropriation of funds and products. Write a short disclaimer to be published in an appropriate media house. (6 Marks)

(Total: 15 Marks)

QUESTION 4

The Management of your organisation has recently discovered a financial fraud involving the Head of the Finance Department where you work as an ATS graduate. You have been appointed the Secretary to a Five-man Ad-hoc committee to investigate the crime.

Write the minutes of the first meeting of the Ad-hoc Committee. **(Total: 15 Marks)**

SOLUTION TO MCQ

1. B
2. E
3. A

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4. B
5. D
6. C
7. C
8. A
9. C
10. B
11. E
12. C
13. B
14. C
15. C
16. B
17. A
18. E
19. E
20. E

Examiner's Report

This is a compulsory section. The questions cover the whole syllabus. The performance of the candidates was very good as about 80% of them scored 50% and above of the allocated marks. There is room for improvement if they familiarize themselves more with the concepts in the subject.

SOLUTION TO SAQ

1. Verbal/oral
2. Process
3. Transmission
4. Airwave/channel
5. Barrier
6. Physical
7. Information overload
8. Emotional/psychological
9. Proxy
10. Secretary/scribe
11. Notice

12. Casting vote
13. Sine die
14. Ad – hoc
15. Formal
16. Narrative
17. Descriptive
18. Topic/Title/Heading
19. Sentence, Topic
20. Body, Conclusion

Examiner's Report

This is a compulsory section. The questions cover the entire syllabus. Candidates' performance was just fair as only about 40% scored 50% and above of the allotted marks. Candidates' performance can be better if they study the various concepts in the sections of the syllabus.

SECTION B – SUMMARY

- a. Warehousing Decisions
OR
Taking Warehousing Decisions
OR
Warehousing: Centralize or Decentralize/Centralization and Decentralization of warehousing
OR
Factors for Centralization and Decentralization of Warehouses
- b. There is a need to analyze various factors before taking warehousing decisions.
OR
The main issue is whether to centralize or decentralize warehouses
- c. The five factors that contribute to the decision whether to centralize or decentralize warehousing are:
 - i. The type of products
 - ii. The degree of service required
 - iii. Cost associated with the products
 - iv. Economics of decentralization
 - v. Efficient management control

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- d. The one way decentralization can be beneficial is by increasing their functions.
- e. The fewer the warehouses a company has, the lower the expenditure.
- f. Control is the most important factor in taking warehousing decision.
- g. The first factor is transport availability. The second factor is methods of transportation.
- h. Goods must be made readily and easily accessible to the consumers.
- i. Decentralization of warehousing makes control difficult.

Examiner's report

This section is to test candidates' knowledge of reading for main ideas in a given text. This section is also compulsory. Candidates' performance was very poor as about 20% of them scored 50% and above of the allocated marks.

Candidates' shortcomings include:

- i. inability to read for understanding
- ii. lack of understanding of the demands of the questions
- iii. disregarding the instructions for answering the questions.
- iv. lack of knowledge of how to answer summary questions

For candidates to perform better in future examinations, they must

- i. read wide
- ii. make use of good English Language books
- iii. learn the technique of answering summary questions
- iv. make use of instructional materials like ICAN study materials and past questions.

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SOLUTION 1

- a. Possible communication problems that might have given rise to this situation are:
- i. Wrong timing
 - ii. Environmental factors
 - iii. Capability of the listener
 - iv. Information overload
 - v. Choice of medium
 - vi. Distraction/Noise
 - vii. Choice of words
 - viii. Unclear aim or objective
 - ix. Relationships
 - x. Information underload
 - xi. Emotions
- b.
- i. **Wrong timing:** Timing is very crucial and important to the success of the communication process. Wrong timing will definitely jeopardize the interest of the listener. The speaker and the listener must come to term on the appropriate time for the meeting
 - ii. **Environmental factors:** The environment where communication takes place can also affect the process, negatively or positively. For example, a noisy environment like a market place, busy motor ways and the like may hinder the listener from receiving the message. Also, distance, room temperature can affect the effectiveness of the process. The speaker must ensure that all these factors are eliminated as much as possible.
 - iii. **Capability of the listener:** If the listener has one disability or the other, this may affect his/her appreciation of the intended meaning of a message. In essence, the speaker must be able to consider the listener's capability in order to ensure effective communication. A listener with hearing difficulties, for example, may find it difficult to grasp the message as it comes.

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- iv. **Information Overload:** Too much information dissemination to listener may be too heavy for them to handle and appreciate and may become ineffective in getting them convinced and interested. This may get them confused if it persists and the tendency may be for them to switch off.
- v. **Choice of medium:** Not selecting the appropriate medium of communication may hinder the message from being received and may lead to a breakdown in communication. The speaker should carefully study all the media available and select the appropriate medium to convey his/her message, taking into consideration the nature of the message and the characteristics of the listener.
- vi. **Distractions/Noise:** Distractions at the point of communication may hinder the listener from receiving the appropriate signals. The speaker should, as much as possible, reduce incidences of noise and remove any distractions at the scene of communication. As much as possible, it is the duty of the speaker to make the venue very comfortable.
- vii. **Unclear aim or objective:** Where the sender of the message is not sure or not clear about the goal or aim or the objective of the message being encoded, it will result in ambiguity or lack of clarity on the part of the listener. The speaker must ensure that before sending his/her message, he must have a clear cut aim and objective, and this will help him/her to plan his/her message well. With this, the listener will be able to respond positively or as expected.
- viii. **Relationships:** Good relationships between the speaker and the listener will greatly enhance the flow of communication. The speaker must try and eliminate elements of hatred, prejudice and discrimination that may arise between them. Establishing good relationships will remove any barrier to effective communication.
- ix. **Information underload:** When the listener is starved of necessary information needed for performance, then the information underload arises. The speaker must ensure that adequate information needed for performance are transmitted to the listener as at when due.
- x. **Emotions:** The speaker's use of emotive words, expression of prejudice and stigmatization may elicit negative emotions

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in the listener or even loud protestations. Therefore, the speaker must try as much as possible to avoid the use of emotive words that may bring about negative emotions in the listener.

Examiner's report

This question tests candidates' ability to generate communication problems from a public speaking scenario. Part (a) requires candidates to list the problems while in part (b) they are expected to discuss any two of the problems identified in (a) briefly. About 80% of the candidates attempted the question. The performance of the candidates, was very poor as only about 10% of them scored 50% and above of the allocated marks. Candidates' shortcomings were:

- i lack of understanding of the scenario created
- ii inability to identify the communication problems arising from the scenario
- iii poor use of language.

Candidates will do better in future examinations if they study carefully the section dealing with speech making in the syllabus and make use of ICAN study materials and past question papers and solutions.

SOLUTION 2

- a.
 - i. Mixture of tenses
 - ii. Mix-up of subject and object
 - iii. Multiple applications of rules
 - iv. Illogical comparison
 - v. Mixture of plural and singular forms
- b.
 - i. Moses said he usually ran
 - ii. As an alumnus, he should be honoured by the school
 - iii. He is more lively than his brother
OR
He is livelier than his brother
 - iv. Jude is faster than any other participant in the race
OR
Jude is the fastest of all the participants in the race
 - v. Two of them were late to arrive

OR

Two of them arrived late/Two of them came late.

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SOLUTION 3

a. Internal Correspondence

Internal correspondence is consumed within an organization. It is usually addressed to members of the organization in the form of letters, memoranda and circulars. Such correspondence may be carriers of the organisation's secrets. Reviewers of such correspondence have a duty to protect and preserve such secrets.

External Correspondence

External correspondence is consumed outside the organization. It may be open or secret. Most external correspondence is conducted in writing by letters, cables, electronic mail (e-mail) and other electronic applications that are available on smartphones. The telephone plays a significant role in external correspondence.

b. DISCLAIMER

This is to inform the general public that Mr. Horato Kojo Hansen is no longer in the employment of Caxton & Co. He has, therefore, lost every right and authority to transact any business with anybody on behalf of Caxton & Co. For ease of identification, his photograph is published along with this disclaimer.

Anyone dealing with Mr. Horatio Kojo Hansen, on behalf of Caxton & Co., does so at his/her own risk.

Examiner's report

This question tests candidates' knowledge of types of correspondence in an organization and the ability to communicate in a particular way of writing a disclaimer. About 30% of the candidates answered the question. Their performance was very poor as only about 10% of them scored 50% and above of the marks allocated.

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Candidates' shortcomings:

- i. inability to understand the nature of internal and external correspondence'
- ii. lack of knowledge of the format of a disclaimer and what information it must contain.

Candidates should study the section dealing with 'correspondences' in the syllabus and make use of ICAN study materials including past question paper and solutions if they must perform better in subsequent examinations.

SOLUTION 4

MINUTES FOR THE INAUGURAL MEETING OF THE INVESTIGATIVE AD-HOC COMMITTEE HELD AT THE BOARDROOM ON TUESDAY, MAY 25, 2017 AT 10.00AM

1.1 Attendance

- | | | |
|----|--------------------|-----------|
| 1. | Mr. James Adaji | Chairman |
| 2. | Mrs. Mfon Nelson | Member |
| 3. | Mrs. Joke Abubakar | Member |
| 4. | Mr. Kwame Ganzaki | Secretary |

1.2 Absent

Mr. Julius Albert

1.3. Adoption of the Agenda

The motion for the adoption of the agenda was moved by Mrs. Joke Abubakar and was seconded by Mrs. Mfon Nelson.

1.4 Chairman's Opening Remark

The chairman welcomed all members to the first meeting of the Ad-hoc Committee. He stated that the terms of reference for the committee were to investigate the financial fraud discovered in the Finance Department and submit a report to Management. He also gave an apology from Mr. Julius Albert who was on another official assignment.

1.5 Deliberation

The chairman said the committee had to come up with the mode of operation for the assignment and after several hours of deliberation, it was agreed that letters of invitation be sent to all

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concerned to appear before the committee. It was also agreed that invited staff would be interviewed and interrogated separately at the first meeting. Where contrasting reports were obtained, affected members of staff would then be interviewed and interrogated together. The secretary was told to ensure all affected staff got their invite before the close of business that day.

1.6 **Date of Next Meeting**

The date for the next panel sitting was fixed for Wednesday, May 26, 2017 at 10.00am while the boardroom remained the venue.

1.7 **Adjournment**

Mrs. Mfom Nelson moved the motion for the adjournment of the meeting and this was seconded by Mr. Kwame Ganzaki. The meeting ended at 11:58am.

Mr. James Adaji
Chairman

Mr. Kwame Ganzaki
Secretary

Examiner's report

This question tests candidates' knowledge of minutes writing. They are required to write the minutes of an inaugural meeting. About 35% of the candidates answered the question. The performance was very poor as only about 5% of the candidates scored 50% and above of the marks allocated.

Candidates' shortcomings:

- i. lack of the knowledge of what the question demands
- ii. lack of the knowledge of minutes format
- iii. poor use of language.

Candidates should familiarise themselves with and study the section of the syllabus that deals with 'meetings' and use ICAN study materials including past questions and solutions for improved performance in future examinations.

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COMMUNICATION SKILLS MARKING GUIDE

S/N	Marking Guide	Marks	Total
Section A			
Part I			
	MCQ		
	Each correct answer	1	20
Part II			
	SAQ		
	Each correct answer	1	20
Section B			
	Summary		
a.	Correct suitable title		3
b.	Correct, Identification of the main issue in the passage		3
c.	Correct each factor that contribute to the decision as to whether to centralize or decentralize warehousing	2	10
d.	Correct one way centralising warehouses can be beneficial		2
e.	Correct statement of Harper's stand on warehousing		2
f.	Correct statement of the most important factor as regards warehousing		2
g.	Each correct factor that alters the geographical advantages of certain areas with respect to warehousing	2	4
h.	Correct statement of the major idea in paragraph two		2
i.	Correct statement of the challenge contained in the last paragraph		2
Section C			
Solution I			
	Correct statement of each communication problem arising from the situation	1	5
	Correct brief discussion of any two of the problems listed in (a)	5	10
	Total		15
Solution 2			
a.	Correct identification of the type of error in each of the five sentences given	1½	7 ½
b.	Correct statement of the correct form of each of the sentences in (a)	1½	7 ½
	Total		15
Solution 3			
a.	Correct explanation of internal correspondence		4 ½

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	correct explanation of external correspondence	4 ½
b.	Correct disclaimer suitable for publication in an appropriate media house	6
	Total	15
Solution		
4		
	Correct heading for the minutes	2
	Attendance list (Present and absent)	1
	Adoption of Agenda	1
	Chairman's opening remark	1
	Deliberation	5
	Date of next meeting	2
	Adjournment	2
	Signatures:	2
	Chairman	½
	Secretary	½
	Total	15